

REVIEW OF CARDIFF BUSINESS COUNCIL

Purpose of report

1. This report gives Members the opportunity to consider the review undertaken of Cardiff Business Council (CBC), to inform scrutiny of this review and the future proposed arrangements for this organisation, at their meeting on 15 October 2015.

Background

2. At their meeting on 22 July 2013, the Council's Cabinet approved the establishment of Cardiff Business Council as a wholly owned arms length company of the Council.
3. The Cardiff Business Council describes itself as *"the new business-led organisation set up to grow Cardiff's private sector by marketing and promoting the Cardiff Capital Region as a world-class destination for business investment and tourism. Cardiff Business Council is also acting as the primary link between the City of Cardiff Council and the local business community, be they inward investors or indigenous businesses."*¹
4. The report to Cabinet of 22 July 2013, sets out the role of Cardiff Business Council as follows:
 - Represent the views and interests of all businesses in Cardiff.

¹ <http://www.cardiffbusinesscouncil.com/>

- Act as the principal interface between the local business community and Cardiff Council.
- Advise the Council on strategy to improve economic development outcomes.
- Support and contribute towards the marketing and promotion of the city.
- Promote corporate social responsibility in support of the city's priorities.
- Promote growth in the local economy by encouraging business-to-business activity through the provision of a range of chargeable and non-chargeable services such as business-to-business networking meetings and events for local members.

5. The Draft Cardiff Council Economic Development Directorate Delivery Plan 2015-17² was considered by this Committee at its meeting on 4 June 2015. This Plan includes amongst its achievements for 2014-15:

“CBC delivered an exhibition to promote Cardiff and the Capital Region at a commercial property expo at MIPIM 50% of the costs provided by private sector partners. In addition to significant national media coverage the team achieved follow up meetings with 135 businesses and secure funding of £1 billion.”

6. Within the Economic Development Directorate Delivery Plan 2015-17, Cardiff Business Council is identified as a means to achieve a number of Directorate aspirations. It identifies:

- *Cardiff Business Council to work in collaboration with City of Cardiff Council, Welsh Government and City Region authorities on the City Deal.*
- *Closer collaboration between CBC, Education Services, and the Further Education and Higher Education providers on the skills agenda and placing business people on Governing Bodies for Schools.*

7. The Draft Economic Development Directorate Delivery Plan 2015-17 identifies the following key performance indicators in relation to Cardiff Business Council:

² Economic Development Directorate Delivery Plan - <http://cardiff.moderngov.co.uk/documents/s4012/Appendix%20C%20-%20Economic%20Development%20Directorate%20Business%20Plan%202015-17%20Draftv0%2010.pdf>

Ref	Performance Indicator	Supports the following strategies	2013-14 Result	2014-15 Result	2015-16 Target	2016-17 Target
Cardiff Business Council						
NEW/ED009	Grow membership of the Cardiff Business Council to 1,000 members (<i>by 2016</i>)	Improvement Plan 2013	Target: 1,000 Result: 0	Target: 1,000 Result: 120	n/a	n/a
ED008	The advertising value equivalent (AVE) of marketing articles.(now includes online articles)	Economic Development CBC	Target: £2.5m Result: £3.1 million	Target: £2.5 million Result: £3,679,003	£2.5 million	£2.5 million
NEW/ED010	Attract £250,000 of private sector funding towards the delivery of a new approach to marketing Cardiff (by 2016)	Improvement Plan 2013	Target: £250,000 Result: £75,000	Target: £250,000 Result: £252,422.00	n/a	n/a

Issues

8. A report was taken to Cabinet on 2 April 2015 to provide an update on work undertaken to attract a City Deal for Cardiff and to seek authority to progress towards the preparation of a formal City Deal proposal. This report also sought authority to undertake a review of the Cardiff Business Council to ensure the approach is best aligned to deliver its city promotion remit in addition to supporting the delivery of a City Deal.

9. Following consideration of this report, Cabinet resolved that:

Authority be delegated to the Chief Executive to:

- a. identify a budget and to appoint Specialist Advisors to support delivery of a detailed City Deal proposal for Cardiff*
- b. commission a review of the Cardiff Business Council model to put in place appropriate arrangements to support a successful City Deal proposal.*

10. The full Cabinet report can be found via the following link:

<http://cardiff.moderngov.co.uk/documents/s3347/Item%205%20Cabinet%202%20April%202015%20City%20Deal.pdf>

The April Cabinet report details the following information in relation to a review of Cardiff Business Council:

“Local businesses have played an important role in the development of City Deal proposals across England and in Glasgow. The same will be required for Cardiff. At present the Cardiff Business Council provides the principal interface between the Council and the local business community.”
(paragraph 31)

“The development of a detailed City Deal proposal for Cardiff will require a strong partnership between Welsh Government, the participating authorities and a broader range of local businesses. The Council therefore intends to engage with key stakeholders and bring forward a review of the current Cardiff Business Council model to ensure it is fit for purpose to support this wider remit”. (paragraph 33)

“The Council also intends to consider the formal appointment of the Advisory Board, which is currently operating on an interim basis, as part of this review. Implementing these changes early in the City Deal process is anticipated to help avoid disruption in the lead up to March 2016, which could be a crucial point in the City Deal negotiation process; it will enable those involved in the development of the proposal to also have a role in the delivery phase - which should energise their engagement; and it will enable a broader range of representation to deal with the dual role of continuing the marketing and promotion momentum alongside the new work that will be required to deliver a City Deal.” (paragraph 34)

11. The April Cabinet report outlines the scope of the review, stating;

“Given the nature and complexity of the City Deal process, and the need to maintain the city promotion momentum established by the company, the review will at least need to cover the following issues:

- *Ownership arrangements*
- *Legal structure and operational framework*
- *Leadership and Board Member representation*
- *Membership*
- *Geographically coverage*
- *Welsh Government / surrounding local authority involvement*
- *Partnership arrangements*
- *Funding arrangements”.*

Draft Cabinet Report

12. A report is due to be taken to Cabinet on 12 November 2015, outlining the findings of the review of the current Cardiff Business Council model, and recommending a way forward to support the City Deal proposals. The views of this Committee will be submitted to the Cabinet Member to inform and influence the contents this report.

Previous Scrutiny

13. At the Economy and Culture Scrutiny Committee of 2 October 2014, Members received an update on Cardiff Business Council, its achievements and the progress that was made in Year 1 of the Business Council’s period of operation. Following this item, Members wrote to the Leader with the following comments:

- Members were impressed with the energy and determination demonstrated by Council officers and private sector partners in driving the Business Council forwards.
- Members note that good progress has been made towards achieving the key priorities for Year 1 set out in the Cardiff Business Council Prospectus.
- Members looked forward to the membership of the Board being refreshed via an election process, and hoped to see candidates come forward that are more representative of small to medium enterprises in the city and that reflect the demographic of business owners in Cardiff.
- Members were pleased to note the manner in which the Cardiff Business Council demonstrates the ability of the Council to work within a genuine public and private sector partnership. Given this partnership arrangement, Members stressed that the Council must be mindful in sharing risks and must be open to pushing ahead with projects at the pace of change expected within the private sector.

14. At their 5 March 2015 meeting, Members of the Economy and Culture Scrutiny Committee considered Quarter 3 Performance for Economic Development. Discussions took place around Cardiff Business Council, and the following was included in the Chair's letter to the Leader following the meeting:

“During the meeting, the Committee questioned the future funding and staffing arrangements for Cardiff Business Council. We were informed the revenue budget for Cardiff Business Council will be reduced as agreed in the 2015/16 budget, and that if the Business Council requires dedicated support, it is something they will need to fund themselves. This position differs to what Members have been informed by individuals from the Business Council and we would like to request a clear position from you on the current and future support to be provided to Cardiff Business Council by the City of Cardiff Council. We will also be writing to Nigel Roberts to clarify his understanding and expectations of the support he is anticipating from the Council going forwards.”

15. The response from the Leader informed Members that that the budget of Cardiff Business Council was reduced 160,000 in the 2015/16 budget and that details of the review were contained within the April Cabinet Report (link provided in paragraph 10). No response was received from the letter written to the Chair of Cardiff Business Council, Nigel Roberts.

16. At the 15 May 2015 meeting of the Economy and Culture Scrutiny Committee, Members considered Quarter 4 Performance for Economic Development. Discussions again took place around Cardiff Business Council and the following was included in the Chair's letter to the Leader following the meeting:

Cardiff Business Council has been an area of focus for the Committee this year, and although a rationale was given at the meeting in response to our questions, we note that a comprehensive review is being undertaken after only a year and a half of the organisation's establishment, a relatively short time to reassess performance and remit. We recognise the need for a body in place that can work on a wider geographic remit than the City of Cardiff, given the City Deal and City Region aspirations, but are uncertain whether this review is the most appropriate means to facilitate this. With this in mind we would like to request information on the full parameters of the review and the methods being used, as we want to gain assurance that Cardiff Business Council is being given a fair chance going forwards, allowing it to build upon its recent successes."

17. The response from the Leader gave assurances that as soon as the review was complete, the results would be brought to the Committee.

18. At its 4 June 2015 meeting, the Economy and Culture Scrutiny Committee considered the Economic Development Directorate Delivery Plan 2015-2017. During the meeting, Members tested the rationale for the review of Cardiff Business Council and included the following within the Chair's letter to the Leader;

“We were informed that the Council funding for this organisation expires in March 2016, and as such it is a good time for a review take place. Additionally we heard that as arrangements for a City Deal progress, Cardiff Business Council was to be tested to see if it was the best organisation, or best structure to demonstrate to the UK Government that businesses will be enabled to play a leading role in the area. We agree Cardiff Business Council needs to be financially sustainable and able to deliver for businesses as regional plans develop. Members request the results and way forward are presented to the Committee upon completion of the review.”

19. The response from the Leader again gave assurances that as soon as the review was complete, the results would be brought to the Committee.

Way Forward

20. The Council Leader, Councillor Phil Bale has been invited to the meeting, and may wish to give a statement. Neil Hanratty (Director – Economic Development) will also be in attendance.

21. Nigel Roberts, Chairman of Cardiff Business Council, has also been invited to give his views on the review and the proposals going forwards.

Legal Implications

22. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations

for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

23. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/ Council will set out any financial implications arising from those recommendations.

Recommendations

24. The Committee is recommended to give consideration to the information attached to this report and information received during the meeting, and to submit any recommendations, observations or comments to the Cabinet Member, prior to a final report being taken to Cabinet on 12 November 2015.

Marie Rosenthal

Director of Governance and Legal Services

9 October 2015