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Public Letter

Dear Councillor Thomas,

INDOOR ARENA FUNDING STRATEGY

Our thanks to you, Cllr Weaver, Chris Lee, Kyle Godfrey and Chris Barnett for attending committee to answer our questions about the proposed funding strategy for the Indoor Arena set out in the report to Cabinet.

Overall, Members support the recommendations to Cabinet albeit with a minority view expressed by Cllr Berman and Cllr Brown- Reckless, as set out at the end of this letter.

Members have asked that I pass on the following comments and observations regarding issues discussed in the public section of the meeting; a separate, confidential letter is also being sent to you capturing Members' views on the matters discussed in the closed section of the meeting.

Funding Strategy

Members explored various aspects of the proposed Funding Strategy, including the proposed borrowing arrangements, the use of reserves and the use of capital receipts. Members note the following:

Permanent Lock-In: there is flexibility built into the funding strategy to enable the Council to select the most appropriate time to enter into a long-term borrowing arrangement. This means the Council could enter into this within the proposed 3-year temporary borrowing timeframe, or afterwards, depending on when the level of interest rates is affordable for the Council.

Use of Central Enterprise Zone reserves: these have been included in the Indoor Arena Affordability Envelope since this was created and therefore do not constitute additional spend.

Use of TM reserves: the Treasury Management reserves are substantial, with a significant portion of these set aside for use in this funding strategy, to mitigate interest rate volatility.

Use of Capital Receipts: these will be used to meet approximately 50% of the proposed Council capital contribution of £27.3M. Members queried which capital receipts have been earmarked for this use and wish to accept the offer at the meeting to provide this list.

Risks

Members note the key risks identified in the report to Cabinet are interest rates, RPI level, and income from the proposed Multi- Storey Car Park (MSCP). Members explored these in more detail and note:

Interest Rates Forecasting: The Council has used external experts to provide these forecasts, as set out in Confidential Appendix 1. Members queried whether these forecasts could withstand unexpected system shocks, such as occurred recently due to the Covid Pandemic and the Ukraine- Russia war, and note that the funding strategy has flexibility built-in, to cope with this. Members also note the points made by Chris Lee, Corporate Director – Resources, that the milestone reviews for this funding strategy, coupled with the usual Treasury Management reviews, will be essential in ensuring the Council keeps a keen eye on interest rates.

Autumn Budget Statement: Members note officers' views that the flexibility and the risk mitigations set out in the proposed funding strategy will enable it to withstand changes arising from the Autumn Budget Statement.

MSCP: Members explored why a MSCP was being provided given the policy agenda to reduce car use and note that this provision forms part of the contract with Live Nation, that the number of spaces is no more than is currently provided via surface car parking, and that, whilst modal shift is supported, there is recognition that some people may need to use cars. In terms of the income from the MSCP, Members note the Outline Business Case is based on free parking for council staff, with the Final Business Case due to be considered by Cabinet in January 2024. Members note the proposed funding strategy includes mitigations to manage the risks of MSCP income

levels being less than anticipated. Finally, Members note that, ultimately, if it is decided in future years that a MSCP is no longer needed, the land can be utilised for other income-generating purposes.

During the meeting, Members also raised the following points:

Live Nation: Members queried whether you had any concerns about Live Nation being a monopoly in the live music industry and note your response that, if there are concerns in this area, this would be a matter for the Competitions and Market Authority, that you recognise Live Nation as a major player in the arena sector, and that their scale provides you with comfort, ensuring there is strong backing for the proposed arena in Cardiff.

Equality Impact Assessment (EIA): Members highlighted that the report to Cabinet does not include an EIA, which it should do, especially given the Motion agreed at Council in March 2023. Members stress that future reports to Cabinet should include an EIA and that this should be made available to the relevant scrutiny committee as part of their committee papers.

Confidentiality of papers: Cllr Brown-Reckless raised in the meeting her concerns about the number of papers that are provided to this Committee as confidential papers, and the amount of scrutiny of cabinet members and council officers that is taken into confidential session as a consequence, and that this prevents the public from seeing information and engaging with the democratic process. Members note your response that it is important to have as many papers as possible in the public domain but that it is also important to protect tax payers by ensuring certain commercial information remains confidential. This point was discussed further during the Way Forward, resulting in the Minority View 2 set out below. Members wish to understand the process for determining which papers are confidential, and how the decision to take scrutiny into confidential session is made and would like to know who makes the decision on this and on what basis and, as such, request information on this.

Minority View 1

Cllr Berman and Cllr Brown-Reckless have asked that their minority view be captured in this letter, which is that they have serious concerns regarding the affordability of the Indoor Arena and have concerns about the impact of the £27.3M Council Capital Contribution on the availability of future capital and revenue funding for other important Council services. For these reasons, neither Cllr Berman nor Cllr Brown-Reckless are supportive of the proposed funding strategy for the Indoor Arena.

Minority View 2

Cllr Berman and Cllr Brown-Reckless have asked that their minority view be captured in this letter, which is that they have concerns at the number of papers that are marked confidential and are therefore not available to the public, and the amount of scrutiny of cabinet members and council officers that is moved into confidential session as a consequence, thus limiting the public's ability to engage with the democratic process, and that they would like this process reviewed in order to ensure the Council is minimising the number of papers marked confidential and minimising the amount of scrutiny being carried out in confidential session.

My thanks again to you, Cllr Weaver, and officers for attending Committee and answering our queries. This letter contains requests for further information and so requires a response:

Requests:

- Ahead of the Cabinet meeting 23 November 2023, in the response to this letter, provide the list of earmarked capital receipts proposed to go towards the £27.3M Council capital contribution.
- In the response to this letter, please set out the process followed to determine which papers are confidential, and the decision to take scrutiny into confidential session, including who the decision takers are and the basis underpinning these decisions, e.g., legislation, Council Constitution etc.

Yours sincerely,

P Wong

**COUNCILLOR PETER WONG
CHAIR, ECONOMY & CULTURE SCRUTINY COMMITTEE**

cc Members of the Economy & Culture Scrutiny Committee
Cllr Joel Williams – Chair, Policy Review and Performance Scrutiny Committee
Group Leaders - Cllr Lancaster, Cllr Berman, Cllr Gibson
Gavin McArthur – Chair, Governance & Audit Committee
Cllr Weaver Chris Lee Kyle Godfrey Chris Barnett
Neil Hanratty
Debi Said Alison Taylor Rita Rohman
Claire Deguara
Chris Pyke Tim Gordon Jeremy Rhys