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Dyddiad / Date: 2 November 2015

Councillor Phil Bale
Leader, City of Cardiff Council
County Hall
Atlantic Wharf
Cardiff
CF10 4UW



Dear Councillor Bale

ECONOMY AND CULTURE SCRUTINY COMMITTEE – 15 OCTOBER 2015

Review of Cardiff Business Council

Thank you for attending the October meeting of the Economy and Culture Scrutiny Committee, where we considered the Cardiff Business Council review. I will be grateful if you could also pass on the thanks of the Committee to Neil Hanratty and Mark Lang for their presentation and for addressing the questions arising during the meeting. The Committee had a number of comments and observations following the meeting, which are set out below.

Report

Before addressing the specific points we have relating to the Cardiff Business Council review, the Committee wishes to express its disappointment at only receiving the report produced by Publicani during the meeting itself. This really should not be happening and isn't acceptable given the fact that the report itself is dated September 2015. We accept that the report is a confidential draft, with no status, and therefore could not be issued with the publicly available Committee papers, however we feel that the maturity of Scrutiny arrangements in Cardiff could have afforded the opportunity for Members to consider printed copies of the report on a confidential basis in advance of the meeting.

While this topic was rigorously tested at the meeting, I cannot escape the feeling that a more informed and effective scrutiny could have been undertaken if Members were given the appropriate levels of information. I am mindful that there are a number of upcoming items due for pre-decision scrutiny and would ask that you ensure this situation is not repeated in the future. Similarly, Members are left questioning exactly what is going to be taken to the Cabinet for a decision. It wasn't made explicitly clear to us at the meeting what proposals and recommendations are going to be made, but

rather vague suggestions of a way forward were given, and again we feel this has limited the help and guidance we are able to provide through this scrutiny.

Review Process

With regard to the review methodology, Members question the scope of the review, and whether the findings can truly be representative of the needs and requirements of the region when only 26 interviews took place. Given the importance of this review and the proposals going forward for a regional 'Business Leadership Board', we would expect a more substantial and structured interview process to have taken place. Not knowing who had been interviewed, it was difficult for us to judge whether interviewees would be likely to understand the successes Cardiff Business Council has delivered for Cardiff, and how this could be built upon on a regional basis.

Members are also left questioning the fullness of this review given the aim to establish a new organisation representative of the whole Cardiff City Region. We question how a review reporting to the Cabinet of the City of Cardiff Council, and subsequent decisions made, can be enough to create a new regional Business Leadership Board – we feel a decision and commitment will be formally required by all participating local authorities, please could you confirm whether this has been factored into the necessary timings? The Committee is of the opinion that the City Deal proposals and negotiations need active business participation now, demonstrating to Whitehall that both the public and private sector in the Cardiff City Region are driving forward these proposals, and that the process of debating, negotiating and establishing a new regional board from scratch will jeopardise the success of our bid.

Cardiff Business Council

In relation to the proposals going forward, the Committee feels that the right principles are being emphasised. The Cardiff City Region needs the backing of businesses across the whole region, allowing businesses to shape local policy decisions, through a structure that isn't simply a talking shop or extra layer of governance, but rather is responsible for marketing and promoting the region and attracting inward investment. We cannot however escape the feeling that this is something the Cardiff Business Council has been achieving for Cardiff as a city, and should be built upon for the wider city region. The preference of this Committee would not be the creation of a new 'Leadership Board' but rather the transformation of Cardiff Business Council into a regional body, incorporating the need to be representative of the requirements and expertise across all ten local authority areas.

Cardiff Business Council has, in the opinion of this Committee, delivered a great deal of success for Cardiff since its establishment in July 2013, working closely with the Council's Economic Development team to attract inward investment and businesses to Cardiff, developing a scale model of the whole city which has showcased Cardiff

around the world, and securing events such as the IAAF World Half Marathon. We cannot see the logic, or indeed support any proposal to fully abandon or dissolve this organisation, which has achieved so much on a minimal budget. As already mentioned, the preference of this Committee would be to see Cardiff Business Council transformed onto a regional basis, or failing this, for Cardiff Business Council to carry on independently, attracting businesses to Cardiff and feeding into the regional agenda.

This point of view also leads us to question why the review of Cardiff Business Council has been done so publically and over such a long period of time. We feel the effectiveness of Cardiff Business Council to attract local membership growth and inward investment has been jeopardised by the review of the last four months, as businesses will not want to commit to an organisation that may cease in the coming months.

Business Leadership Board Proposals

With regard to the proposals for the creation of a Cardiff City Region 'Business Leadership Board', the Committee has a number of questions or issues that we feel were not made clear during the meeting and that we wish to be clarified. We recognise that they might be answered within the Publicani report, but as stated above, with under an hour of exposure to the report itself we found ourselves at the end of the meeting unclear at the full contents of the report,. We certainly feel that these points are important for the Cabinet to understand in making a decision:

- The cost and funding proposals for the Business Leadership Board are unclear.

From the meeting Members infer that the cost will be higher than the running costs of Cardiff Business Council – which the Council cannot afford to continue supporting. Members feel that any decision made by the Cabinet should be informed by an indicative estimate of the funding required from Cardiff Council. The Committee understands that the regional board will be funded by the Welsh Government and all ten participating local authorities, however we feel there must also be buy in from the private sector. As previously mentioned, we fear the support of the Cardiff business community may have been lost through this review and doubt cast over Cardiff Business Council.

- All local authorities involved are still awaiting confirmation of the Local Government Capital and Revenue Settlement. Does this make any current commitment of public sector financial contributions a risk?
- Is the involvement of businesses from a local authority area dependant on the commitment of that local authority to the Business Leadership Board? For

example, if for whatever reason a local authority pulled out of funding the Business Leadership Board, would businesses in that area be excluded from ongoing or future discussions?

- How will the Business Leadership Board membership be kept to a manageable number?

The Publicani review suggests a board of 10-12 members, however we cannot understand how this number will be achieved when including representation for local business forums across the ten authorities, organisations such as the FSB and CBI, senior local authority officers, Welsh Government officials and political representatives. While we recognise why all these organisations require representation, we fear that such a large committee will encounter problems in getting decisions made.

- What are the mechanisms proposed to measure the success of Business Leadership Board, and how will the organisation be held to account and by who?

The achievements, aims and performance measures for Cardiff Business Council are set out in the Economic Development Directorate Plan, and are monitored through Quarterly performance reports. We feel clear performance and monitoring arrangements must also be in place for any organisation replacing Cardiff Business Council.

- At what stage will the public sector take a back seat and allow for this organisation to be driven forward by private sector partners from across the Cardiff City Region?

The Committee is concerned that it appears the proposed Business Leadership Board is being driven forward by local authorities and the Welsh Government. While public sector involvement is crucial in the development and support of the proposed leadership board, we question whether it should instead be fronted by the private sector. We are conscious that in order for the private sector to fully commit to this organisation, there must be clear role descriptions and autonomy to push initiatives forward. We also have reservations over deciding the structure of any new organisation before the business community is fully committed to it.

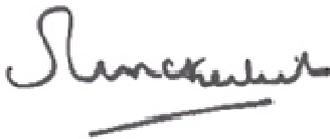
- Are you confident that the proposed Business Leadership Board can be established in time to support and push forward in negotiations for the City Deal?

As a final point the Committee wishes to emphasise the importance of these developments for Cardiff. We would not want historic issues or relationships clouding judgement when it comes to deciding what is best for our city. Members consider that

whatever differences might have emerged in the past, it is essential for leading figures to work together to plan out what is best for Cardiff on both a local and regional basis, and ensure that this is achieved through the new arrangements for a regional business engagement structure.

I would be grateful if you would consider the above comments, observations and recommendations, and look forward to receiving your feedback.

Regards,

A handwritten signature in black ink, appearing to read 'Rod McKerlich', with a horizontal line underneath it.

Councillor Rod McKerlich
Chairperson, Economy and Culture Scrutiny Committee

cc Neil Hanratty – Director of Economic Development
Cabinet Support Office
Members of the Economy and Culture Scrutiny Committee.
Nigel Roberts – Chairman, Cardiff Business Council