

ECONOMY & CULTURE SCRUTINY COMMITTEE

3 DECEMBER 2015

Present: County Councillor McKerlich(Chairperson)
County Councillors Dilwar Ali, Govier, Howells, Javed and
Weaver

43 : APOLOGIES FOR ABSENCE

No apologies for absence were received.

44 : DECLARATIONS OF INTEREST

No declarations of interest were received.

45 : MINUTES

The minutes of the meeting held on 5 November 2015 were agreed as a correct record and signed by the Chairperson.

46 : QUARTER TWO 2015/16 - MONITORING PERFORMANCE

City Operations

The Chairperson welcomed Councillor Bradbury, Cabinet Member: Community Development, Co-Operatives and Social Enterprise, Andrew Gregory Director City Operations and Sarah Stork Active Communities Manager to the meeting.

The Chairperson invited the Cabinet Member to make a statement in which he said that across portfolios they had looked at Alternative Delivery Models (ADM'S) including areas in the remit of the Economy and Culture Scrutiny Committee. In City Operations they were currently in the procurement process, legal requirements in the process has meant there has been a slippage in terms of timings; the process is currently at the competitive dialogue stage and more information would be available in the New Year.

The Director advised Members that a fuller discussion was needed with bidders to get the best price; there had been a delay in the sports stadium, mitigation had taken place and a shortfall of approximately £200k was expected by the end of next year. With the leisure ADM there had been issues around delivery of private sector involvement, the number of bidders had gone from 5 to 2 and currently there was a reanimation of the in-house model; bidders had presented figures, these have gone back, further information had been received and a final decision would be made in January with a proposal announced in March 2016. He added that in parallel work had gone into sharpening up the figures for in-house; it transpired that there was not a lot of 'blue water' so in some sense the in-house model provided more efficiencies. Work was being done around liabilities and pensions etc. and it was stressed that there was no clear winner as yet; further offers were coming in and there were opportunities to keep working the in-house bid; there were good ideas coming through from the centre managers.

The Active Communities Manager added that with regards to the enhanced in-house model, Officers were working closely with an advisor with private sector experience so a more commercial approach was now being adopted with regards to issues such as staff rotas, best use of staff time, driving down agency costs, swimming lesson capacities, promoting student membership etc. Members were also advised that the enhanced in-house model was being challenged through the transformation team in the next week where the finance and HR issues would be looked at; dialogue had taken place with the two bidders and bidders would be notified in the next week on the success of the submission stage.

The Chairpersons invited questions and comments from Members:

- Members asked for clarification on the delay due to legal issues and asked whether it was because of capacity of the Councils legal department. Officers explained that it was due to capacity within the team and also complexities with the contract being drawn up which has slowed the process down. The Cabinet Member added that there had been a huge amount of work done and they hadn't realised how much work it would actually take; dealing with big private sector businesses, information was not always prompt; also the safeguards required means more work from the private sector bidders; there were pitfalls when designing budgets while going through such change.
- Members asked if Officers had considered buying in expertise to help deliver savings quicker. The Cabinet Member stated that this would have to be discussed with Cabinet colleagues however they were almost at conclusion and would report on lessons learnt. The Director added that the delay had also been due to the transition of two legal Directors; he had sought advice on whether extra support was needed and had been assured it wasn't.
- Members noted that interest had been shown in the private sector two years ago yet the first report was only now being produced; Members asked if arrangements with private operators had been looked into. Members were advised that this had not been explored as the starting point was to try to keep as many facilities open as possible; however they had to be willing to look at all options.
- Regarding the contract, Members were assured that it would have to be future proofed.
- Members expressed concern that the bar had been set too high and that the main objective was to ensure that people in the city have access to a gym/pool/facilities whether they are council owned or not. The Director agreed that expectations had been raised two years ago; there had not been the level of interest that had been anticipated; now they were exploring what needs to change to get a zero subsidy over three years.
- Members noted that as a Liveable City it was a priority to keep facilities open to keep people healthy. The Cabinet Member added that they were looking at leisure in schools and being creative with building use in the Schools Organisational Plan.

Economic Development

The Chairperson welcomed The Leader Councillor Phil Bale, Neil Hanratty Director Economic Development and Kathryn Richards Head of Culture, Venues & Events to the meeting.

The Director provided Members with some Directorate information; Sickness within the Directorate was 3.2 days, PPDR figures were 92%, Savings were on track, the Directorate must deliver £1.653 million of savings; of the Corporate Plan Objectives, all 8 were Green; of the 39 Directorate commitments, 34 were green and 5 were amber; of the 18 Performance Indicators, 14 were green and 4 were amber and all were monitored.

Members were provided with a presentation on Economic Developments Quarter 2 Performance which included information on; Cultural Venues ADM, Heritage Trust approach to the Castle and other Heritage Assets, Heritage Quarter, Tourism Strategy, International Sports Village – Ice Arena, Business Improvement District, Attendance/Income Figures and Performance Indicators.

The Chairperson thanked Officers for the information and presentation and invited questions and comments from Members:

- Members asked if there were representatives from small businesses and arcade traders on the BID task group as their needs are very different from the bigger retailers. Officers explained that there was a cut off point of businesses that would be expected to pay an increase in business rates; lots of the smaller businesses wouldn't pay it, however the smaller businesses are engaged particularly in the night time economy. Members were advised that Mansford were on the task group membership and would represent needs of arcade traders.
- Members asked whether any links with other programmes such as Maritime Heritage had been explored to increase/improve the tourism offer. Officers advised that they have very active Officers in the team; the team links with other cities with maritime heritage, such as Liverpool and Belfast however there was still scope for more links and more bids to try for. The Leader added that they are applying for pots of money for individual projects however there was a move to a more regional basis for tourism rather than being City exclusive.
- Members referred to the Heritage Quarter and noted that it included City Hall refurbishment and asked what else would be included. Officers explained that the University have big plans for their estate, wishing to extend their activity throughout the City Centre so it made sense to work together. There would be work from the Civic Centre into Queen Street. The substantial maintenance backlog of City Hall was discussed and it was noted that there needed to be sustainable long term use of the building; it was important to look at the University plans, transport, passenger flow and the quality of public realm etc. to attract more investment to the area. The Leader added that they also needed to preserve what was already there; especially in the light of the University expansion and plans for student accommodation, quality buildings were needed to compliment what was already there; City Hall was iconic to the

whole of Wales, there was a big issue with maintenance backlog which needed addressing, it was important to note the Authority of Cardiff was a Steward of the building.

- Members sought clarification on whether the improvements would extend to City Hall Lawn and Fountains. Members were advised that it would include all public realm from City Hall to City Centre. The Leader added that there was a Core City report on Culture, the level of funding received from the Heritage Lottery Fun was lower than core city comparators over the years so maybe those conversations could be restarted again.
- Members asked if City Hall was vital operationally and asked if the University had expressed an interest in taking it over. Officers advised that at the moment there was a requirement to use City Hall operationally but in the future the office use could be moved to County Hall and Wilcox House and City Hall would remain as Civic Use. Officers further advised that the University had shown an interest but had failed to move forward in solidifying that interest; the latest position was that they may use some space in City Hall as transition space while they review their own space.
- Members asked if Council staff needed to be in a City Centre location. Officers explained that they were doing a piece of work on this with master planners; no decisions have been made as yet with regards to moving staff out; it was important to identify a sustainable use for the building; the Chamber would remain for Council use and it was important that the Registry Office stayed in the central location.
- Members asked about the future of the Mansion House. The Leader advised that this was something that the Heritage Trust work would look at and discussions were ongoing; in the meantime it was being marketed as much as possible and people were being made aware that they can hire the building for events.

The Chairperson thanked the Cabinet Member, officers and other witnesses for attending the meeting, giving their presentations and statements and for answering Members questions.

AGREED – That the Chairperson writes on the Committee's behalf to the Cabinet Member to convey their comments and observations

47 : CARDIFF CAPITAL REGION CITY DEAL

The Chairperson welcomed The Leader Councillor Phil Bale, Paul Orders Chief Executive, Neil Hanratty Director Economic Development and Jonathan Day Economic Policy Manager to the meeting.

The Chairperson invited the Leader to make a statement in which he stated it had been a fast journey in developing a City Deal, Member Briefing sessions had taken place and there was a commitment from all key stakeholders to take the deal forward and to keep Members informed. It was also noted that during the Comprehensive Spending Review, Cardiff's was the only City Deal mentioned by the Chancellor.

The Chief Executive provided Members with a presentation on the Cardiff Capital Region City Deal which included information on; City Deal – Overview, Cities to benefit so far, Types of Intervention, Key Themes, Metrics, Gateway Process, Indicative City Deal Fund, Other areas of Development, Next Steps and an Indicative Timetable.

The Chairperson thanked the Chief Executive for his presentation and invited questions and comments from Members:

- Members noted that the Metro would be a big part of this deal and asked for clarification on what form it would take, such as heavy rail/tram etc.; whether the money would be available for Phase 1 and asked for an update on the progress and when the decisions would be made. The Chief Executive stated that the Welsh Government would say that the first phase is optimising the existing infrastructure, then the development of additional infrastructure connecting Cardiff to the Bay and the Valleys etc.; there was lots of work to be done, there needed to be clarity on phasing. The Leader added that there was also work to be done on integrated ticketing, single branding etc.
- Members asked whether the timescale was too ambitious. The Chief Executive explained that lots of detailed work had already been completed in respect of the North West corridor, City Centre and Bay; now that work needed to be taken into a costed phased programme there was a significant amount of work to be done next; this was being prioritised in the City Deal process. Members were referred to Mark Barry's report 'A metro for Wales' Capital City Region'
- Members considered that the Metro lacked clear governance and sought clarification on the electrification of the Valley lines in light of the estimated costs having risen. The Leader stated that all authorities involved would need to be comfortable with any project that goes ahead; he understood that there was work being undertaken on what was needed with technologies for the electrification of the Valley lines.
- Members asked whether there were any plans to involve the private sector in the City Deal; whether there was a Plan B if Plan A failed and if there were concerns that £1 billion over ten years between ten local authorities was enough funding. The Leader agreed that involvement of the private sector was essential and gave the example of Cardiff Superfast Broadband as an example of where this had happened previously. The Leader did not accept that the funding was not significant investment in the regions infrastructure; he stated that how it was spent was critical, there needed to be individual evaluation of projects and element of risk was involved with Payment By Results; they needed to be aware of the risks and share risks; Central and Local Government needed to be involved in infrastructure of the region to support its growth. The Leader added that he was excited by collaborative working with other local authorities which hasn't been there before.

The Leader stated that phase 1 is going ahead funded by Welsh Government, the next phase is the additional parts, the Metro isn't all of the City Deal, people are focussed on the infrastructure but it was important to remember the devolution aspect too.

- Members noted that the money was under five different headings and asked whether there was any idea of the allocation to sections. The Leader stated that the £580 million is allocated to the transport connectivity project, other elements need individual evaluation process for GVA uplift of 5%; the rest would become clear over the next few months. He noted that it was ambitious when compared to Glasgow which is larger. Officers added that this is where payments by results comes into play, there would be risks but it focusses you on which projects you take forward after those risks are considered as there would be consequences if not achieved. Projects will be tested against the metrics mentioned in the presentation, ensuring the whole region felt the impact and saw benefits.
- Members asked if other cities were being used as an example or will Cardiff be the lead for other cities to follow. The Leader explained that Welsh Government sees this deal as an exemplar if its completed; Cardiff can be more creative due to devolution and can create specific Welsh growth deals; it will hopefully be a trail blazer for Swansea Bay/North Wales deals.
- Members asked if consideration had been given to sourcing private investment for the Metro instead. The Leader stated that they are looking at access to funding, it was important to recognise the knowledge and skill set that comes off the back of deals like this too; it made sense to align transport and economic development.
- Members noted that some areas have a poor track record with regards to GVA and some areas will do well and some will struggle. Officers stated that this was a different approach, the GVA metric of the entire region; still have to develop the outcomes for every area; it enables a prioritised focus for growth across the entire region. Importantly because the risk is there, there would be a strong focus.
- Members noted that there would be three parties involved namely Welsh Government Central Government and Local Government; all three parties need to sign up to it and asked how this would work. The Leader explained that a Bound contract would be signed by all, a formal signing by Welsh Government, Central Government and all ten local Authorities.
- Members asked if it would be a deal breaker if four or five of the ten local authorities opted out. The Leader explained that in Glasgow, one local authority didn't sign up; cost is divided on a pro-rate basis so not an issue if one or two drop out or re-join. However it was expected that local Councils have to contribute some capital themselves. The Chief Executive added that it wasn't a prescriptive template; there was a trend towards payment by results with local capital contribution, however there was some flexibility included in the City Deal. The Leader added that some recent City Deals hadn't had a top limit; Cardiff had an in principal agreement from the UK government above that £500 million limit.
- Members expressed concern over local government reorganisation and asked what impact this could have on the City Deal. The Leader stated that it was possible to go forward regardless of local authority reorganisation; the mix of

authorities may change as a result of mergers but this wasn't seen as a barrier; it could help in future with simplified governance arrangements.

The Chairperson thanked the Cabinet Member, officers and other witnesses for attending the meeting, giving their presentations and statements and for answering Members questions.

AGREED – That the Chairperson writes on the Committee's behalf to the Cabinet Member to convey their comments and observations

48 : COMMITTEE BUSINESS AND CORRESPONDENCE

The report provided the Committee with the latest update on correspondence. The Committee received copies of correspondence sent and received in relation to matters previously scrutinised by this Committee.

Members discussed how to approach the forthcoming Budget Scrutiny meetings. It was noted that Committee wished to scrutinise the Cabinet Proposals rather than the consultation.

The Principal Scrutiny Officer was tasked with arranging a date for this and would confirm with Committee Members next week.

It was noted that during the Budget Consultation period it was likely that people affected by budget cuts would approach the Committee to express their views; depending on the level of interest, this would either be included on the January meeting Agenda or an extra meeting would be arranged.

RESOLVED: to note the report.

49 : DATE OF NEXT MEETING

The next meeting of the Economy and Culture Scrutiny Committee is scheduled to be held on Thursday 14 January 2016 at 4.30pm.