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Dyddiad / Date: 10 December 2015



Councillor Phil Bale
Leader, City of Cardiff Council
County Hall
Atlantic Wharf
Cardiff
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Dear Councillor Bale

ECONOMY AND CULTURE SCRUTINY COMMITTEE – 3 DECEMBER 2015

Thank you for attending the December meeting of the Economy and Culture Scrutiny Committee, where we considered the Cardiff Capital Region City Deal and Quarter 2 Performance of the Economic Development Directorate. I will be grateful if you could also pass on the thanks of the Committee to Paul Orders and Neil Hanratty for their presentations and for addressing the questions arising during the meeting. The Committee had a few comments and observations following the meeting, which are set out below.

Cardiff Capital Region City Deal – Update

The Committee is pleased that progress is being made to advance the Cardiff Capital Region City Deal, with recent commitment and support being given by the Welsh Government and UK Government. We recognise the significant role that you, and senior officers have played in establishing and driving forward the City Deal proposals in order to arrive at the current position.

Members of the Committee are conscious that the specific projects to be funded through the City Deal have not been finalised at this stage, and as such it is currently hard to gain a comprehensive understanding of the levels of benefit to be delivered through the City Deal, such as economic growth, increased connectivity, innovation and a higher skilled workforce. From the timeline given during the meeting we understand that projects are due to be identified by Spring 2016; we look forward to considering in more detail the selected projects and testing their anticipated benefits for the City of Cardiff and wider Cardiff Capital Region.

Members understand that the money secured through the City Deal will be used on individual projects, which will have been prioritised based on their Gross Value Added (GVA) and impact on worklessness, and will be required to demonstrate a set minimum level of impact across all the region's local authorities. We are pleased this

approach is being taken; where chosen projects must demonstrate a certain level of benefit to the region. General consensus is that previous European funding received by the region was spread too thinly and its potential impact was diluted. We hope this focussed approach will drive benefit from all the money invested. It is clear that there will be hard negotiations ahead as projects are prioritised and decisions are made on the allocation of available funding.

You will be aware that significant discussion took place at the meeting around the Metro proposals, and the concern some Members of the Committee have with regard to the level of funding that will be allocated to this and other transportation projects. With the full Metro system is estimated to cost billions of pounds, the Committee would not wish to see the full allocation of City Deal finance being used to fund the Metro. Some Members fear that an expectancy exists for the City Deal to deliver the whole Metro system, which is clearly unrealistic, and we would urge you to ensure that press releases and publications stress that the City Deal means much more than a Metro System for South Wales.

Some Members of the Committee questioned the impact that can be achieved by an indicative £1.28bn City Deal Fund given that it is spread across 10 local authorities and a 10 year programme, and in light of the commitment to transportation projects from the Welsh Government. The Committee however recognises that this is a significant amount of money to be invested in the area and offers real opportunity to improve the region's economic competitiveness. The Committee also notes that the money available through a City Deal is borrowed at a favourable rate to that which local authorities are usually subject to, approximately a third of the standard rate, and as such we would support this mechanism for funding projects in the region.

The Committee was pleased to be informed that achievement of the City Deal will not be put in jeopardy should some local authorities choose to opt out as detailed discussions progress. Members were informed that when establishing the Glasgow and Clyde Valley City Deal, some authorities chose to withdraw and had no impact on the success of the Deal. We understand that the evaluation methodologies for projects and the apportionment of costs can be adjusted based on the number of authorities committed to the City Deal and recognise that this is also important in light of the proposed reorganisation of local authorities in Wales.

A final point Members wish to make, which was not raised during the meeting itself, is the importance of aligning Local Development Plans across the local authorities signed up to the City Deal. As projects are prioritised and developed, particularly those targeted at connectivity across the region, it will be important that consideration is given to the location of future residential developments and their inclusion within the improved transport network.

Economic Development Quarter 2 Performance

The main area of focus for Members during the scrutiny of Quarter 2 performance was the development of a Heritage Quarter for the Civic Centre. Members look

forward to hearing more about these proposals as the work develops, with particular interest in the future of City Hall and the Mansion House respectively. As you will be aware from the questioning during the meeting, we recognise that these are iconic buildings under the stewardship of Cardiff Council, but that there may be a need for a sustainable long term plan that differs from their current usage. We request that arrangements are made with the Principal Scrutiny Officer for this Committee to schedule future in-depth consideration of these proposals.

You will be aware that Members of this Committee have commenced a Task and Finish Inquiry focussed on the economic potential of Cardiff's Maritime Heritage and associated buildings. It is clear that there is an extensive portfolio of heritage buildings across Cardiff and we hope that plans can be made to capitalise on the potential benefits they offer to the city.

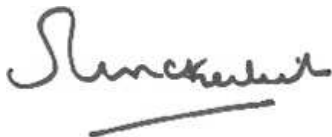
In considering the progress with Cardiff Business Improvement District, members questioned whether small businesses have representation on the BID Task Group. We were pleased to be informed that Mansford, the owners of a number of the Victorian arcades in the City Centre, are part of this group and are representing the needs of smaller businesses in the ongoing discussions and developments.

To re-cap for ease, the Committee asks that the following points are addressed:

- Future Committee items be arranged with the Principal Scrutiny Officer to consider developments in the following projects:
 - a) Cardiff Capital Region City Deal
 - b) Civic Centre Heritage Quarter
- Members recommend that private delivery of the Metro is fully explored
- Members recommend that Local Development Plans across the ten local authorities involved in the City Deal be aligned

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

Regards,



Councillor Rod McKerlich
Chairperson, Economy and Culture Scrutiny Committee

cc Paul Orders – Chief Executive
Neil Hanratty – Director of Economic Development
Members of the Economy and Culture Scrutiny Committee.