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## AGENDA

**Pwyllgor** PWYLLGOR CRAFFU'R ECONOMI A DIWYLLIANT

**Dyddiad ac amser y cyfarfod** DYDD MAWRTH, 21 TACHWEDD 2023, 4.30 PM

**Lleoliad** YB 4, NEUADD Y SIR, CYFARFOD AML-LEOLIAD

**Aelodaeth** Cynghorydd Wong (Cadeirydd)  
Y Cynghorwyr Berman, Brown-Reckless, Henshaw, Jenkins, Jones,  
Lloyd Jones, Shimmin, Thomson

Tua  
Amser.

### 1 Ymddiheuriadau am Absenoldeb

Derbyn ymddiheuriadau am absenoldeb.

### 2 Datgan Buddiannau

I'w wneud ar ddechrau'r eitem agenda dan sylw, yn unol â Chod Ymddygiad yr Aelodau.

### 3 Cofnodion (*Tudalennau 5 - 8*)

Cymeradwyo cofnodion y cyfarfod blaenorol fel rhai cywir.

### 4 Rheoli Canol y Ddinas (*Tudalennau 9 - 14*)

4.30 pm

Craffu Adolygu Polisi – ymrwymadau yn y Cynllun Corfforaethol a chymau gweithredu yng Nghynllun Cyflawni Cyfarwyddiaeth Datblygu Economaidd – diweddariad cynnydd

#### ***Atodiad 1 – i ddilyn***

### 5 Adferiad Canol y Ddinas: (*Tudalennau 15 - 58*)

5.10 pm

Craffu ar Adolygu Polisi - ymrwymadau yn y Cynllun Corfforaethol, a chymau gweithredu yn y Strategaeth Adfer ac Adnewyddu a Chynllun Gweithredu Adfer Canol y Ddinas – diweddariad cynnydd

#### ***Atodiad 3 – i ddilyn***

6 **Diweddariad Bargen Ddinesig / Porth y Gorllewin** (*Tudalennau 59 - 76*) 5.40 pm

Craffu ar Adolygu Polisi – i Aelodau gael diweddariad ar y gwaith sydd ar y gweill, gan gynnwys trefniadau pontio i'r CBC

7 **Strategaeth Ariannu Arena Dan Do** (*Tudalennau 77 - 246*) 6.00 pm

Craffu cyn penderfynu.

***Nid yw Atodiadau 1 & 2 yr adroddiad hwn i'w cyhoeddi gan eu bod yn cynnwys gwybodaeth eithriedig o'r disgrifiad a gynhwysir ym mharagraffau 14 ac 16 o Ran 4 a pharagraff 21 o Ran 5 o Atodlen 12A i Ddeddf Llywodraeth Leol 1972.***

## **Egwyl Cysur**

8 **Rhaglen Waith - Diweddariad** (*Tudalennau 247 - 252*) 6.50 pm

9 **Gohebiaeth** (*Tudalennau 253 - 256*) 6.55 pm

10 **Eitemau brys (os oes rhai)**

11 **Y Ffordd Ymlaen** 7.00 pm

12 **Dyddiad y cyfarfod nesaf**

12 Rhagfyr 2023, 4.30pm.

## **D Marles**

### **Swyddog Monitro Dros Dro**

Dyddiad: Dydd Mercher, 15 Tachwedd 2023

Cyswllt: Andrea Redmond, 02920 872434, a.redmond@caerdydd.gov.uk

## **GWE-DARLLEDU**

**Caiff y cyfarfod hwn ei ffilmio i'w ddarlledu'n fyw a/neu yn olynol trwy wefan y Cyngor. Caiff yr holl gyfarfod ei ffilmio, heblaw am eitemau eithriedig neu gyfrinachol, a bydd y ffilm ar gael ar y wefan am 12 mis. Cedwir copi o'r recordiad yn unol â pholisi cadw data'r Cyngor.**

**Gall aelodau'r wasg a'r cyhoedd hefyd ffilmio neu recordio'r cyfarfod hwn**

**Os ydych yn ymddangos gerbron y pwyllgor ystyrir eich bod wedi cydsynio i gael eich ffilmio. Trwy fynd i mewn i gorff y Siambr neu'r ystafell gyfarfod rydych hefyd yn cydsynio i gael eich ffilmio ac i ddefnydd posibl o'r delweddau a'r recordiadau sain hynny ar gyfer gwe-ddarlledu, gwybodaeth gyhoeddus, sylw i'r wasg a/neu ddibenion hyfforddi.**

**Os oes gennych gwestiynau ynghylch gwe-ddarlledu cyfarfodydd, cysylltwch â'r Gwasanaethau Democrataidd ar 02920 872020 neu e-bost [Gwasanethau Democrataidd](#)**

Mae'r dudalen hon yn wag yn fwriadol

ECONOMY & CULTURE SCRUTINY COMMITTEE

24 OCTOBER 2023

Present: Councillor Wong(Chairperson)  
Councillors Berman, Henshaw, Jones, Shimmin and Thomson

38 : APOLOGIES FOR ABSENCE

Apologies had been received from Cllrs Jenkins, Brown-Reckless and Lloyd Jones

39 : DECLARATIONS OF INTEREST

None received.

40 : MINUTES

The minutes of the meeting held on 19 September 2023 were agreed as a correct record and signed by the Chairperson.

41 : ST DAVID'S HALL UPDATE

Members were advised that they are scrutinising the report to Cabinet that sets out the results of the intrusive roof surveys and seeks approval for the Council to enter into a conditional agreement for lease and, once these conditions are satisfied, transfer St. Davids Hall via a business sale agreement and a full repairing and insuring 45-year property lease with AMG. The report also asks Cabinet to note the continued closure of St. David's Hall and the Council's proposed staff engagement strategy.

Members can explore these aspects and the implications for the Council, including whether there are any risks to the Council.

The Chairperson welcomed Cllr Joel Williams, who was attending to participate in the scrutiny in his role as Chair of the Policy Review and Performance Scrutiny Committee, which has oversight of property and HR.

In addition, the Chairperson welcomed Cllr Burke – Cabinet Member – Culture, Parks and Events; Kathryn Richards – Head of Culture, Venues, Tourism and Events; Scott Couzens – Bevan Brittan LLP; Chris Pembridge – Director, WSP – Structural Engineers; Neil Hanratty – Director of Economic Development; Chris Barnett – Operational Manager – Major Projects; Ruth Cayford – Operational Manager – Creative Industries & Culture; Donna Jones – Assistant Director – County Estates; Eirian Jones – Operational Manager – Strategic Estates; Richard Crook - Operational Manager (Interim) – Major Projects and Tracey Thomas – Chief Officer – HR, to the meeting.

The Cabinet Member was invited to make an opening statement after which Members were provided with a presentation from Officers.

The Chairperson invited questions and comments from Members.

Members discussed how the proposals for St. David's Hall affect staffing. It was noted that TUPE (Transfer of Undertakings Protection of Employment) is unlikely to apply, and staff and unions are comfortable with this. Members were advised that temporary staff with two years or less service will be assisted in finding opportunities elsewhere in the Council, and long-term casual staff will be eligible for redeployment and voluntary severance. Redeployment guarantees cannot be given, but the Council will make every effort to maximise redeployment. Members noted that most full-time staff at St. David's Hall have expressed interest in voluntary severance.

The Committee noted the results of the intrusive surveys and discussed the proposed approach to close St. David's Hall for roof repairs and other refurbishment works, including the removal of RAAC (Reinforced Autoclaved Aerated Concrete) planks. Members were pleased to hear that a general contractor could undertake this work, despite the challenge of dealing with potential sudden collapses as RAAC planks are removed. The Committee also noted that several public sector projects have been cancelled across the UK, making contractors available for the work.

Members asked about the impact of RAAC plank removal on the acoustics of St. David's Hall. It was noted that the removal might have a positive effect, as the replacement roof could use materials that enhance acoustics. Any works will be subject to approval by a sound engineer, and the responsibility for costs of remedial works, if needed, would be with AMG.

The Committee supported the establishment of a working group consisting of representatives from AMG and Council officers, including planning officers, conservation officers, and economic development officers. Members noted that the group's purpose would be to determine whether planning permission or conservation permission is the lead issue for reopening St. David's Hall and to involve stakeholders in the process.

Members noted that Cabinet needs to remain satisfied that the proposals meet the best consideration duty. The previous KC advice, JLL valuation, and Bevan Britten advice were confirmed as applicable, and the risk regarding RAAC has solidified, affecting AMG's position while improving the Council's position. The only additional cost to the Council is the costs of voluntary severance where agreed.

The Committee discussed the costs of roof repairs and refurbishment, with AMG bearing these costs. Members noted that the delay in achieving savings from the proposed transfer of St. David's Hall is causing budget issues for the Council, and the Director of Economic Development is working with finance colleagues to address these issues.

Members asked about approaching the Welsh Government and the UK Government to seek financial support for dealing with RAAC at St. David's Hall. It was noted that a previous approach in December 2022 was unsuccessful, and the Director of Economic Development suggested that another approach is unlikely to succeed.

The Committee was pleased to learn that Arts Active services are protected and will continue to operate during the closure of St. David's Hall. Members were also pleased to hear that there is recognition of the need to protect the ecosystem supported by St. David's Hall, including audiences, orchestras, musicians,

relationships with promoters, and performers. A classical music stakeholder group is working on a Memorandum of Understanding to protect this ecosystem.

The Committee noted that survey work to identify RAAC across the Council estate would be completed at the end of October. Members noted that to date, no RAAC has been found in the Council's estate, including schools. Members were interested in the process for dealing with RAAC in non-Council buildings, and it was noted that the revised Health and Safety Executive guidance applies to all properties.

Some Members expressed regret that the Council is looking at handing over control of St. David's Hall to a private company and believed there should be a national funding solution, particularly since RAAC issues are a national problem driving financial challenges. These Members wished for their minority view to be noted.

RESOLVED – That the public be excluded from the meeting at this point during consideration of this item as the Committee discussed exempt information of the description contained in paragraphs 14 & 16 of Schedule 12A of the Local Government Act 1972. The public may be excluded from the meeting by resolution of the Committee pursuant to Section 100A(4) of the Local Government Act 1972 during discussion of this item.

AGREED: that the Chairperson, on behalf of the Committee, writes to the Cabinet Member conveying the observations of the Committee when discussing the way forward.

42 : URGENT ITEMS (IF ANY)

None received.

43 : DATE OF NEXT MEETING

21/11/23, 4.30pm

The meeting terminated at 7.20 pm

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**CYNGOR CAERDYDD  
CARDIFF COUNCIL**

**ECONOMY & CULTURE SCRUTINY COMMITTEE**

**21 NOVEMBER 2023**

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**CITY CENTRE MANAGEMENT: POLICY REVIEW**

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**Purpose of the Report**

1. To provide background information to Members to aid their policy review scrutiny of arrangements in place to manage Cardiff City Centre.

**Scope of Scrutiny**

2. During this scrutiny, Members can explore the current arrangements for city centre management, and how this assists the day and night time economies, ensuring Cardiff is an attractive and viable destination and a clean, safe, attractive and welcoming City Centre.
3. Members will have an opportunity to hear views from FOR Cardiff, the representative body for city centre businesses, which works in partnership with the Council.
4. Members will also be able to explore financial implications for the Council, whether there are any risks to the Council, and what the next steps are for City Centre Management.

**Background**

5. During work programming, Members identified that the Corporate Plan 2023-26 contained an action to '*Establish new city centre management arrangements*'<sup>1</sup> and decided to prioritise this for scrutiny.
6. Cardiff Council has a specific city centre management team, consisting of six officers, who work with other council teams and with partners to manage the city

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<sup>1</sup> Page 43 - [Cardiff Council Corporate Plan 2023-26](#)

centre. This team includes the recently appointed city centre wardens<sup>2</sup>, who are funded by the UK Government's Shared Prosperity Fund. The wardens' role is:

- *To assist in maintaining high standards of customer care by providing and distributing information, responding to complaints and dealing with queries and requests from local businesses, internal services, the BID, visitors and local residents.*
- *To liaise with relevant partners to report and respond to incidents of crime, anti-social behaviour and street vulnerability including Housing and Outreach Services, Social Services, Probation Services, CCTV and South Wales Police.*
- *Facilitate formal enforcement proceedings with partners by providing witness testimony in writing, operating Body Worn Cameras for evidential purposes and attending court where required.*
- *Undertake enforcement duties including those related to the City Centre's Public Space Protection Order (PSPO) by the issuing of verbal warnings and Fixed Penalty Notices (FPNs) where breaches in behaviour have occurred under the legislation.*
- *To assist in improving the standards of maintenance in the City Centre by:*
  - *patrolling the area;*
  - *removing hazards;*
  - *dealing with fly-posting, graffiti, cleansing and maintenance issues;*
  - *undertaking basic DIY tasks;*
  - *identifying and reporting problems and liaising with internal Council officers and external organisations such as the Police, Fire Service, Big Issue, outreach services, local businesses and the BID to ensure a swift and effective response*
  - *realising operational initiatives that improve the coordination and/ or attractiveness of the City Centre;*
  - *administering first aid training to injured parties and liaising with medical services.*
- *To assist in the coordination, management and promotion of the City Centre including undertaking surveys, gathering and sharing intelligence, distributing information and providing concepts for digital marketing.*
- *To oversee on-site the effective operation of commercial lettings and street trading schemes and helping co-ordinate and manage special events and activities.*<sup>3</sup>

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<sup>2</sup> [New City Centre Warden Team \(cardiffnewsroom.co.uk\)](http://cardiffnewsroom.co.uk)

<sup>3</sup> [CITY CENTRE WARDEN \(jobscardiffcouncil.co.uk\)](http://jobscardiffcouncil.co.uk)

7. Other members of the city centre management team work to attract uses for the various activation sites across the city centre, to ensure there are attractions for city centre visitors and an animated street scene, as well as working in partnership with the Community Safety Partnership and with FOR Cardiff, which is the city centre Business Improvement District (BID) organisation.
8. BIDs<sup>4</sup>, are partnerships between the local business community and a local authority to develop projects and services that will benefit the trading environment within the boundary of a commercial area. BIDs are funded in whole, or in part, by a levy which is additional to the non-domestic rates. The additional funding raised is used in the specified area to support activities identified by participating businesses.
9. FOR Cardiff became operational in 2016 and has since been the representative voice for its business members and has worked on delivering place-making projects to enhance the experience of those in the city centre, projects aimed at increasing footfall, and projects aimed at future-proofing the city centres. These include, amongst others,<sup>5</sup>:
  - i) Night marshals
  - ii) Cleansing Team
  - iii) Environmental projects
  - iv) Art & Culture projects
  - v) Events
  - vi) Give DIFFerently scheme
  - vii) Equality City
  - viii) City Ambition Fund
  - ix) Partnership Working
  - x) Business Engagement.
10. Importantly, FOR Cardiff has worked with partners to achieve the Purple Flag<sup>6</sup> award for Cardiff's City Centre. This is an international accreditation programme that aims to reward destinations that achieve excellence in the evening and night-time economy. Purple Flag strives to help create safe and thriving locations at night for all users.

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<sup>4</sup> [City Centre Management Arrangements \(1.33M\).pdf \(moderngov.co.uk\)](#)

<sup>5</sup> [Projects - FOR Cardiff](#)

<sup>6</sup> [Purple Flag | ATCM](#)

11. In September 2023, Cabinet approved the draft Shared Prosperity Fund Programme and Review<sup>7</sup>, which included specific lines for the city centre, which were allocated indicative funding of £3m when the programme was initially adopted in November 2022:
- i) Investment in city-centre Joint Enforcement Team and additional cleansing resources
  - ii) Upgrading and enhancement of areas of public realm within the city centre.
12. In addition, the SPF Programme includes an open call for projects, with £750,000 available in 2023/24 and £4.5M available in 2024/25.
13. Members attention is drawn to the outputs of the SPF Engagement Event in June 2023, where attendees of the *Supporting Local Business Workshop* were asked to identify priority outcomes<sup>8</sup>, resulting in the following:
- Vacant units filled
  - Jobs created/safeguarded
  - Energy efficacy measures
  - Footfall
  - Increased investment
  - Business sustainability
  - New/supported Enterprises

### **Progress Update**

14. Attached at **Appendix 1** is a presentation that provides an overview of the City Centre Management team and an update on work to date.

### **Way Forward**

15. Councillor Huw Thomas (Leader) and Councillor Dan De’Ath (Cabinet Member – Strategic Planning and Transport) will be invited to make a statement. Jon Day (Operational Manager – Tourism & Investment), and Richard Hyett (City Centre Manager) will attend to give a presentation. Carolyn Brownell, For Cardiff

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<sup>7</sup> [Agenda for Cabinet on Thursday, 21st September, 2023, 1.00 pm : Cardiff Council \(modern.gov.co.uk\)](#)

<sup>8</sup> Page 28, SPF Programme Review and Update, attached as Appendix A to SPF report to Cabinet, available [Agenda for Cabinet on Thursday, 21st September, 2023, 1.00 pm : Cardiff Council \(modern.gov.co.uk\)](#)

(Executive Director - Interim) will also attend and the whole panel will be available to answer Members' questions.

### **Legal Implications**

16. 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**

17. 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.

## **RECOMMENDATION**

The Committee is recommended to:

- i) Consider the information in this report, its appendix and the information presented at the meeting
- ii) Determine whether they would like to make any comments, observations, or recommendations to the Cabinet on this matter, and
- iii) Decide the way forward for any future scrutiny of the issues discussed.

**LEANNE WESTON**

**Interim Deputy Monitoring Officer**

**15 November 2023**

**CYNGOR CAERDYDD  
CARDIFF COUNCIL**

**ECONOMY & CULTURE SCRUTINY COMMITTEE**

**21 NOVEMBER 2023**

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**CITY CENTRE RECOVERY: POLICY REVIEW**

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**Purpose of the Report**

1. To provide background information to Members to aid their policy review scrutiny of progress in implementing the '*City Centre Recovery Action Plan*', attached at **Appendix 1**.

**Scope of Scrutiny**

2. During this scrutiny, Members can explore progress with implementing the *City Centre Recovery Action Plan*, any changes made to the Plan since it was agreed, and whether further changes are required. Members will have an opportunity to hear from FOR Cardiff, the representative body for city centre businesses, which works in partnership with the Council.
3. Members will also be able to explore the financial implications for the Council, whether there are any risks to the Council, and what the next steps are for City Centre Recovery.

**Background**

4. In December 2021, Cabinet agreed the '*Greener, Fairer, Stronger City Recovery and Renewal Strategy*'<sup>1</sup>, which seeks to respond to the post pandemic needs of the city and includes *Key Mission 1: Reimagine the City Centre*. Cardiff City Centre accounts for circa 70,000 jobs, employing residents and commuters from across the region. The Strategy argues the city centre affords opportunities to support a more productive and sustainable economic recovery, and outlines the following key priorities for the mission:

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<sup>1</sup> Available [here](#)

- *'Make sure our city centre is safe, clean, welcoming, and attractive for people of all ages and backgrounds.*
- *Accelerate the completion of the central business district to support continued jobs growth.*
- *Support existing businesses to grow and become more productive.*
- *Improve existing - and establish new – public squares, streets, green spaces, and open up our waterfront.*
- *Take a more direct role in managing the future of the city centre to reflect the needs of residents, workers, businesses, and visitors.*
- *Put culture and arts at the centre of the recovery, embracing the role the sector plays in shaping our city centre.*
- *Create a city centre that is fully accessible to all ages and people of disabilities, underpinned by a fully integrated transport system.'*

5. The previous Economy & Culture Scrutiny Committee undertook policy development scrutiny of the draft '*Greener, Fairer, Stronger City Recovery and Renewal Strategy*', in May 2021, and received an update on the findings of the associated Engagement Exercise, in November 2021. The Committee were pleased to see a range of engagement events were held, with child-friendly events, stakeholder events including business, art and culture sectors, and an open survey for all, with the results informing the focus of the Strategy, and were supportive of the overall approach to recovery and renewal set out in the Strategy<sup>2</sup>.
6. In January 2022, the Cabinet agreed a *City Centre Recovery Action Plan*, attached at **Appendix 1**, which brought together and promoted key initiatives and projects for the city centre that the Council and partners will work towards over the next five years.
7. This highlighted the key role of Cardiff City Centre to residents, visitors, businesses, and Wales as a whole, namely:
  - i. Crucial to our identity – it matters to residents, and it provides meeting and socialisation space for residents, visitors, and businesses.
  - ii. Essential to Climate Emergency response - as the most accessible location in the city, the focus of public transport and active travel networks, it supports the most efficient low carbon focus of the city.

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<sup>2</sup> [\(Public Pack\)Correspondence Following Committee Meeting Agenda Supplement for Economy & Culture Scrutiny Committee, 16/11/2021 16:30 \(moderngov.co.uk\)](#)



- iii. Essential to business – as a location, a place for meetings and interaction, and as a key source of brand recognition.
  - iv. Provides Wales's best opportunity to address productivity gap. Increased hybrid working is both an opportunity and threat with research highlighting that smaller cities such as Cardiff could benefit from a move away from the world's megacities.
8. The action plan is based around nine key themes, which respond to the priorities set for *Key Mission 1* in the Recovery & Renewal Strategy. The nine key themes are:
- i) A Fully Curated City Centre – clean, safe, attractive, well managed for all
  - ii) A Dynamic Business and Employment Hub
  - iii) A World Class Transport Network
  - iv) A City Centre of World Class Urban Design and Public Realm
  - v) A Green and Biodiverse City Centre
  - vi) A Blue City Centre of Rivers and Canals
  - vii) A Great Inclusive Place to Live and Play
  - viii) A City Centre of Culture and Animation
  - ix) A Great Quality Experience for Visitors.
9. Overall, the Action Plan contains over 60 actions, most of which rely on partnership working to implement and some of which relate to schemes that will take time to deliver e.g., transport schemes. Previous scrutiny, in January 2022, sought assurance these actions were deliverable and noted officers' responses that:
- i) a substantial percentage of these actions were already being delivered or have business cases being prepared and costed
  - ii) proposals will only be implemented if there is a robust business case, with agreed costings
  - iii) work with partners will be essential to deliver these schemes e.g., the Cardiff Capital Region City Deal has assisted discussions with the Department of Transport and Network Rail regarding Cardiff Central Train Station
  - iv) the Police have given commitments to be involved in the delivery of the Action Plan.

10. Previous scrutiny in January 2022 also sought to understand how the Council would know if the aims of the Action Plan had been achieved, for example that the city centre becomes more child-friendly, and asked for clarification on possible data sources to assist measurements to be provided in response to their letter; this information was provided in the Leader's response, which is available at **Appendix 2** alongside the letter from the Committee.
11. In 2022-23, this Committee undertook an Inquiry '*Shaping Cardiff's Post Pandemic Economic Recovery*' (January 2023), resulting in 19 recommendations to Cabinet, of which 16 were accepted in full and 3 were partially accepted. Members considered the Cabinet Response at their meeting on 19 September 2023; a link to papers is [here](#) , which includes a link to the Inquiry report.
12. This Inquiry considered evidence about the changing retail and work patterns, post-covid, and made several recommendations pertinent to the city centre, including Recommendations 10, 13, 14, 15 and 19, which are:
- i) *To undertake an annual review of the City Centre Recovery Action Plan to ensure actions are altered as required to respond to the fast-changing economic landscape*
  - ii) *To explore the benefits of utilising more modern ways of using data to understand usage and behaviour patterns in the city centre*
  - iii) *To consider enabling more benches, tables and chair on pavements to provide space for socialising and create a community feel; provide planters, rubbish bins and lamp post banners; introduce a busking strategy and byelaws to promote good busking and tackle poor busking; introduce a city centre visitor attraction; address begging and shoplifting; and assist FOR Cardiff to market and promote their 'Give DIFFerently' homelessness project*
  - iv) *To prepare an Affordable Workspace Policy, including consideration of space and risk registers as well as vacant unit incentives and disincentives.*

13. The Cabinet Response accepted Recommendations 10, 13, 14 and 15 and partially accepted Recommendation 19.<sup>3</sup> They clarified that:

R10. - *Officers will review the Recovery and Renewal Plan and City Centre Recovery Action Plan, but this should be seen in the context of embedding appropriate actions and commitments within existing strategic documents rather than updating individual plans annually.*

R14. - *... A busking approach based around voluntary guidelines has also been adopted by the Council which is under review to consider its efficacy and effectiveness from the perspective of visitors, businesses and residents. Officers are also working with partners, including the Police, within the city centre to consider anti-social behaviour*

R19. - *... Whilst officers will explore the potential for intervening directly in the commercial property market by providing vacant unit incentives and disincentives for landlords this needs to be considered against value for money considerations, the risks involved in seeking to actively manage the commercial property market and any unintended consequences that may arise from market interventions and distortion.*

14. The latest data from the Welsh Retail Consortium for footfall in October 2023 shows a 5.6% decrease in footfall across Wales, compared with October 2022<sup>4</sup>. This compares to a total UK footfall decrease of 5.7% in October 2023, compared to the previous year. Information from the British Retail Consortium<sup>5</sup> shows:

#### **Covering the four weeks 01 October – 28 October 2023**

According to BRC-Sensormatic IQ data:

- **Total UK footfall** *decreased* by 5.7% in October (YoY), down from -2.9% in September.
  - **High Street** footfall *decreased* by 4.6% in October (YoY), down from -1.7% in September.
  - **Retail Parks** footfall *decreased* by 4.3% in October (YoY), down from -2.4% in September.
  - **Shopping Centre** footfall *decreased* by 7.3% in October (YoY), down from -4.0% in September.
- Of the UK nations, **England** saw the least significant YoY drop in footfall, showing a decrease of 5.3%. **Scotland** saw a YoY drop in footfall of 5.5%. This was followed by **Wales** at 5.6% and **Northern Ireland** at 6.8%.

<sup>3</sup> [Appendix B.pdf \(modern.gov.co.uk\)](#)

<sup>4</sup> [New data shows poor start to crucial festive trading for retailers in Wales - Business Live \(business-live.co.uk\)](#)

<sup>5</sup> [Brollies up, Footfall down \(brc.org.uk\)](#) YOY stands for Year on Year

15. The data from the Welsh Retail Consortium also shows Cardiff's city centre footfall decreasing by 6.5%<sup>6</sup> in September 2023; the article cites poor weather conditions as the likely cause for this.

**TOTAL FOOTFALL BY CITY**

GROWTH RANK	CITY	Sep-23	Aug-23
1	Edinburgh	0.5%	7.5%
2	London	-2.9%	-0.9%
4	Belfast	-3.2%	-3.9%
4	Bristol	-3.2%	-2.6%
5	Liverpool	-3.5%	3.4%
6	Manchester	-5.2%	-1.4%
7	Nottingham	-6.3%	-4.6%
8	Cardiff	-6.5%	-2.0%
9	Birmingham	-7.9%	-4.3%
10	Glasgow	-8.9%	-2.9%
11	Leeds	-9.7%	-5.4%

**Progress Update**

16. Attached at **Appendix 3** is a presentation that provides an update on delivery of the City Centre Recovery Action Plan.

**Way Forward**

17. Councillor Huw Thomas (Leader) will be invited to make a statement. Andrew Gregory (Director of Planning, Transport and Environment), Jon Day (Operational

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<sup>6</sup> [New data shows poor start to crucial festive trading for retailers in Wales - Business Live \(business-live.co.uk\)](https://www.business-live.co.uk/news/new-data-shows-poor-start-to-crucial-festive-trading-for-retailers-in-wales-10300000)

Manager – Tourism & Investment), and Richard Hyett (City Centre Manager) will attend to give a presentation. Carolyn Brownell, For Cardiff (Executive Director - Interim) will also attend and the whole panel will be available to answer Members' questions.

### **Legal Implications**

18. 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**

19. 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.

### **RECOMMENDATION**

The Committee is recommended to:

- i) Consider the information in this report, its appendices and the information presented at the meeting
- ii) Determine whether they would like to make any comments, observations, or recommendations to the Cabinet on this matter, and
- iii) Decide the way forward for any future scrutiny of the issues discussed.

**LEANNE WESTON**

**Interim Deputy Monitoring Officer**

**15 November 2023**

# Cardiff City Centre Recovery Action Plan

January 2022





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# Introduction

The Covid-19 pandemic has had an extraordinary impact on city centres across the UK, changing the way we live our lives and the way we do business in ways few of us could have imagined. However, in many ways this has forced us to reflect on longer-term trends that were already occurring in retail activity, the use of technology, the demand for experiences and for high quality places. Moving forward, the key issue for city centres is whether they can adapt, transform and emerge stronger as great destinations that people want to come to.

Cardiff has already been on a process of successful change. Over the past 25 years, the city centre has seen some of the most transformational improvements in its history, from major leisure, retail and business developments, such as the Principality Stadium, St David's Dewi Sant and the regeneration of Central Square, through to the increased pedestrianisation of its streets making areas more inclusive/accessible, the growth of its residential population through city centre living and the emergence of the 24 hour city centre through the increased provision and diversity of its cultural and tourism offer. These improvements have added to other key features in the city centre, such as its outstanding Castle, Civic Centre and Victorian arcades, which all contribute towards its unique character.

Specifically for the city centre the aim is to build upon its existing achievements as a great destination.

As the city emerges from the pandemic it is essential that we consider the steps we need to take to accelerate recovery, whilst at the same time recognising that we need to use the crisis as a catalyst to building back greener, fairer and stronger.

In this regard, a key recognition is that in the future the most successful cities will have great city centres. This action plan outlines key initiatives and programmes that the Council and partners will work towards over the next five years to ensure Cardiff has a great City Centre. Cardiff has a strong tradition of working in partnership with private, voluntary and other public sector organisations and the initiatives/programmes will need the continuing active participation and collective buy in of all city centre users to achieve the highest standards in sustainable design, development, management, maintenance and marketing.

This plan we hope will make a great and vibrant city centre even greater.



CYNGHORYDD / COUNCILLOR HUW THOMAS

ARWEINYDD / LEADER

CYNGOR CAERDYDD / CARDIFF COUNCIL



# KEY TRENDS SHAPING CARDIFF CITY'S RENEWAL



## SUCCESSFUL CITY CENTRES ARE GREAT DESTINATIONS

City centres and high streets must be destination experiences and places of choice; we no longer have to be there, but we must want to. Agglomeration, innovation and creativity will continue to drive economic growth and jobs. As Wales' core city, Cardiff will continue to play a leadership role in the Welsh economy post-Covid.



## CURATION & PARTNERSHIP

Taking management to a new level. City centres are now about quality not quantity. Healthy, green, clean, vibrant, well designed and safe environments that reach highest standards cannot be created without careful planning and organisation and will be critical to success.



## NEW WORK/LIFE BALANCE

Hybrid agile working is here to stay and combining home and office is likely to continue post-pandemic. Flexible space and travel will provide opportunities for local economic renewal, reduced carbon emissions, reduce congestion and cleaner air that need to be grasped.



## EVENTS & OUTSIDE SPACE

Hospitality and the use of social spaces are bouncing back as lockdown eases. The role of food and drink, together with arts, culture, animation, events and the use of public spaces will be integral to creating experiences that bring people back together.



## THE LOCAL - REDISCOVERED

Lockdowns have led to a greater appreciation of local areas and demand for local services. The city centre must work in tandem with '15-minute neighbourhoods', where people have easy and safe access to shops, schools, health care and green/blue spaces in the vicinity of their homes.



## CLIMATE EMERGENCY

Notwithstanding the depth of the Covid-19 pandemic, it is recognised that Climate Change remains the defining global challenge of our generation. The continuing development and regeneration of the city centre provides opportunities to make it more resilient to climate change and to contribute towards becoming a carbon neutral city.



## FUNDAMENTAL PUBLIC EQUALITY

Without concerted action, the gap between rich and poor will widen. The poorest communities have faced a double impact of health and financial hardship as a result of the pandemic. City centres need to engage and welcome the whole community, of all ages and abilities.



## ACTIVE TRAVEL AND PUBLIC TRANSPORT

City centres will reassert the role of the pedestrian and cycling environment. Car access will still be critical, but car domination will need to be tamed or pushed out of important spaces. Effective mass transit and active travel networks are the key to avoid moving from lockdown to gridlock.



# OTHER UK EXEMPLARS

Cities around the UK are looking to radically transform their buildings and spaces into vibrant environmental, social and economic hubs of prosperity.

## *Liverpool*

Liverpool is a place that has seen much change over the last 20 years. Culture Liverpool was established after the triumph of 2008, in which the City of Liverpool delivered the most successful European Capital of Culture year to date.

More than £4 billion was invested in the physical transformation of the city. Areas were reconverted and brought back to life to reach their full potential with the creation of developments including Liverpool ONE, the Echo Arena and Convention Centre and the opening of the cruise liner terminal and renovations to places like St George's Hall, the Bluecoat and World Museum Liverpool.

## *Nottingham*

Nottinghamshire Wildlife Trust has shared a bold vision to rewild the city of Nottingham and 'green up' the historic city centre following the decision to demolish the much-derided Broadmarsh shopping centre. With 100% of the demolished site transformed into a natural urban oasis, would become Nottingham's living breathing heartbeat – a mini Central Park where people can connect with nature and escape the stresses of modern life without leaving the city.

Such a bold green vision could set the city on a course to a greener economic recovery, boost tourism and stimulate inward investment.



‘Liverpool is a shining symbol of renaissance, boasting modern architecture, an abundance of art, and a people proud of both its past and present...’

**Manchester Evening News**

### ***Manchester***

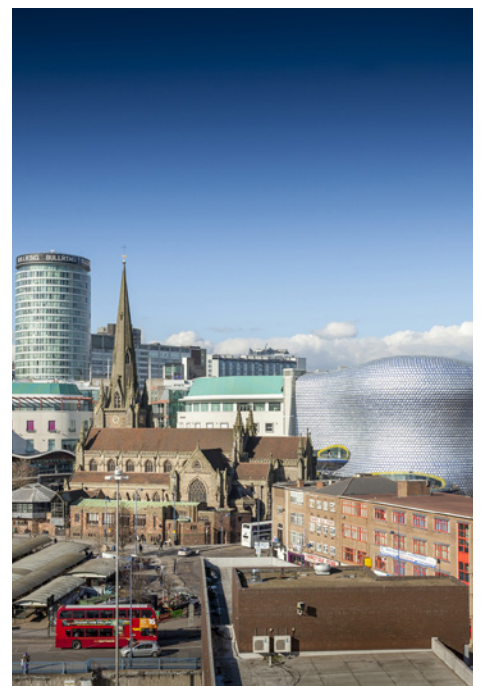
The Northern Powerhouse forms part of the government’s industrial strategy which is building on a strong economy and helping businesses up and down the country seize the opportunities presented by leaving the EU.

The Northern Powerhouse strategy explains how the government will work with local stakeholders to address key barriers to productivity in the region. The government will invest in transport infrastructure to improve connections between and within the North’s towns, cities and counties; work with local areas to raise education and skills levels across the North; ensure the North is an excellent place to start and grow a business; and ensure the Northern Powerhouse is recognised worldwide as an excellent opportunity for trade and investment.

### ***Birmingham***

In response to the challenges facing Birmingham City Centre including the need to tackle climate change, the Covid-19 pandemic as well as economic challenges. The city has proposed four principles that will guide the actions and plans in the strategy for Central Birmingham 2040.

- Green city - create a city environment that has a minimal impact on our planet and enables nature to be truly part of the city.
- Equitable city - a city where all communities have the same opportunities.
- Liveable city - a people-focussed city where citizens can create homes and communities.
- Distinctive city - a city that takes pride in the individual identity of its communities.



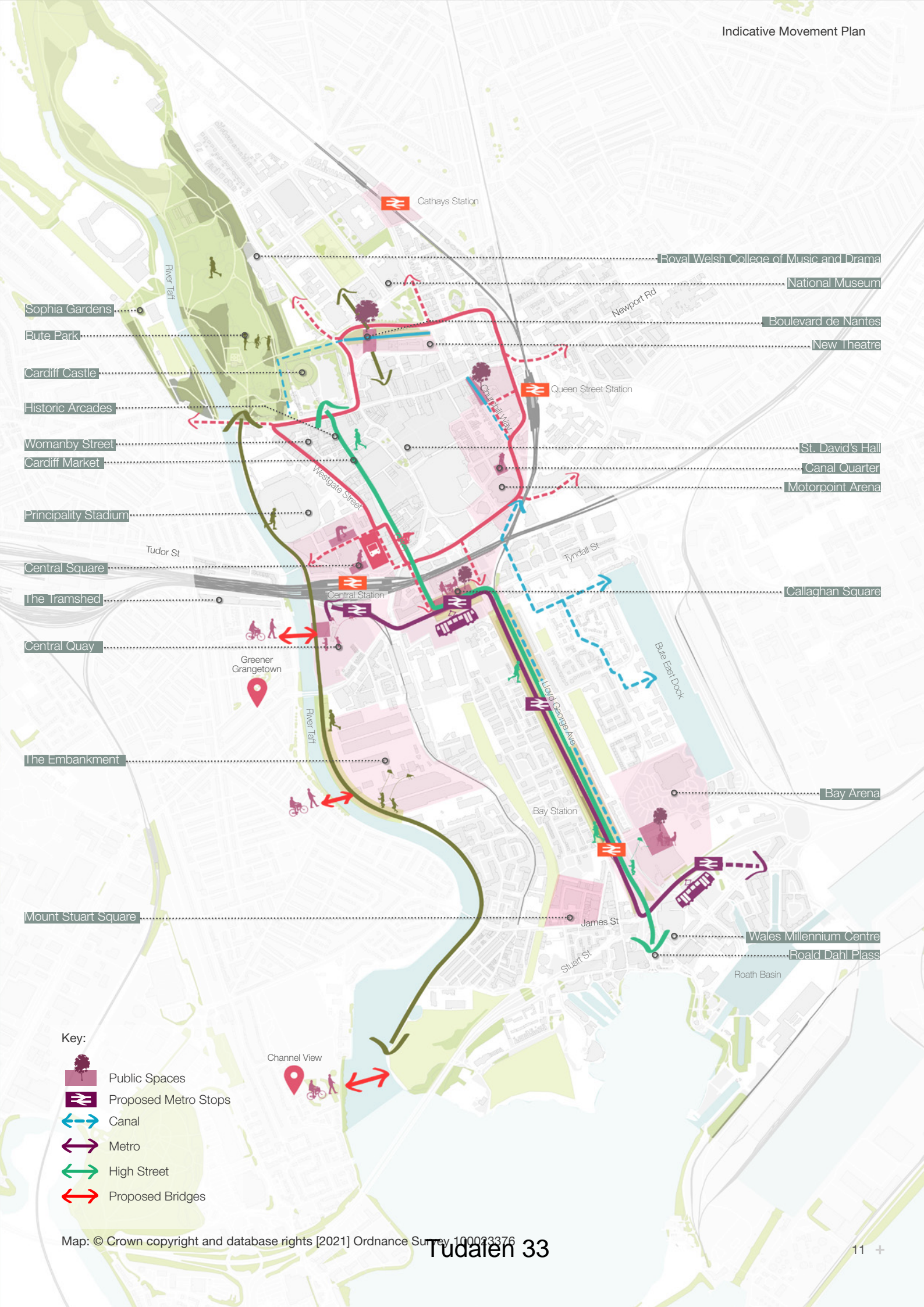
A low-angle photograph of a stone clock tower, likely the Cardiff City Hall tower, with a lion sculpture in the foreground. The tower is made of light-colored stone and features a clock face and several arched windows. The lion sculpture is a large, grey stone figure of a lion, looking towards the right. The background shows a clear blue sky and some green foliage on the left.

# CREATING A GREAT CAPITAL CITY CENTRE

## A FIVE-YEAR COMMITMENT:

To deliver a city centre that is safe, clean, green, prosperous, attractive, well maintained and a great Capital City Centre for all visitors, businesses and residents of the diverse Cardiff community





- ..... Sophia Gardens
- ..... Bute Park
- ..... Cardiff Castle
- ..... Historic Arcades
- ..... Womanby Street
- ..... Cardiff Market
- ..... Principality Stadium
- ..... Central Square
- ..... The Tramshed
- ..... Central Quay
- ..... The Embankment
- ..... Mount Stuart Square
- ..... Channel View
- ..... Cathays Station
- ..... Royal Welsh College of Music and Drama
- ..... National Museum
- ..... Boulevard de Nantes
- ..... New Theatre
- ..... Queen Street Station
- ..... St. David's Hall
- ..... Canal Quarter
- ..... Motorpoint Arena
- ..... Callaghan Square
- ..... Bay Arena
- ..... Wales Millennium Centre
- ..... Roald Dahl Pllass

- Key:**
- Public Spaces
  - Proposed Metro Stops
  - Canal
  - Metro
  - High Street
  - Proposed Bridges



# 1. A CURATED CITY CENTRE THAT'S SAFE, CLEAN, GREEN ATTRACTIVE AND WELL-MANAGED

Creating a destination city centre with a consistent level of high-quality experience for all user groups will not happen by itself. It will need proactive governance, partnerships and management.

Cardiff already has a well-managed centre, however by bringing together key partners, priorities and resources in a clear vision it can go further. The city centre will need to move from being managed to fully curated, where we collaboratively design it, implement it, maintain it and keep improving its quality and the experience for all users.



WE WILL:

1. Establish effective curation/management resources. Take a more direct role in proactively managing and coordinating the future of the city centre to reflect the needs of residents, workers, businesses and visitors.
2. Establish effective partnerships with the Business Improvement District and key partners including residents.
3. Make the city centre clean, safe, green and well maintained a core priority.
4. Develop a clear five-year plan and vision for the city centre to coordinate:
  - Public, open and green spaces,
  - Events, markets and street animation into a year-round programme,
  - City centre marketing and branding,
  - All licensing regimes.
5. Create an integrated city centre funding programme to support the key actions in this plan.
6. Work with community safety partners to make the city centre feel safer for families, women and visitors.
7. Establish high quality design standards for shop frontages, public spaces, street furniture and all aspects of the environment.



Tudalen 35



## 2. A DYNAMIC BUSINESS AND EMPLOYMENT HUB

The role of the traditional office is changing, with demand becoming focused on more specialist and higher value activities, notably those where collaboration in itself is a driver of productivity. Demand is also increasing for some people to get back to the office, especially from younger workers for whom the learning and social aspects of work is something they value.

We are also seeing a change in retail patterns and where the chain stores have left, independents are taking their place. This adds to the attractiveness of the city centre, where the local, authentic and unique attracts an audience for whom high street retail names can be found elsewhere.

A successful city centre needs to support these businesses, providing the offices, shops and meeting spaces that will attract economic activity.



WE WILL:

1. Create a world class destination business city centre, with a selection of high quality, sustainable, innovative and flexible office and co-working spaces that attract and grow knowledge-based businesses.
2. Develop proposals for meanwhile uses and incubation spaces, providing a dynamic approach to ensuring that empty units, retail and office spaces are used productively.
3. Support the development of more flexible and low-cost space to help indigenous and independent businesses grow and become more productive.
4. Develop a 'smart city' digital infrastructure programme.
5. Develop a business events strategy that showcases the city's competitiveness and establishes a programme of activity.
6. Seek to expand the city centre's designation to be better integrated with Cardiff Bay and key locations such as Tudor Street, James Street and Newport Road.
7. Develop proposals for and complete major developments in the 'Central Business District' (CBD), including at:
  - Central Square
  - Central Quay
  - Callaghan Square
  - The Canal Quarter
  - Cardiff Bay



Credits to: Rightacres  
Central Quay



Credits to: Rightacres  
Central Square



# 3. A WORLD CLASS TRANSPORT NETWORK

Key actions have already been taken to transform city transport connectivity with the new Transport Interchange and Active Travel network. Nonetheless, to achieve the city’s Transport Strategy targets, much more needs to be done to establish the city centre at the hub of a sustainable public transport mass transit, active travel and highway network including a renewed Metro Central Station. This delivery of major infrastructure will make the city centre an attractive and more convenient place that encourages use from people of all ages and abilities and underpins economic transformation.

People should be provided with a welcoming sense of arrival. They should enter high quality streets and public spaces, be able to connect seamlessly with onward journeys and have the means to navigate their way through the city centre using well located signage, wayfinding and digital information.



WE WILL:

1. Work with partners to complete the Central Square Transport Interchange and upgrade the Cardiff Central (Metro Central), Queens Street and Cathays railway stations, delivering high quality accessible 'gateway' entrances into the city centre.
2. Deliver plans for a new Metro tram link between the city centre and Cardiff Bay, including the provision of new station facilities at Cardiff Central and Pierhead Street, as the first phase of the development of Cardiff Crossrail. Phase 2 will then continue to Newport Road and Roath Basin.
3. Create an enlarged 'clean air' pedestrian and active travel core to the city centre to be developed alongside the new transport interchange delivery.
4. Connect the city centre with high quality segregated cycle and bus networks. Develop new 'bus hubs' in key locations at Greyfriars Road, Churchill Way and Pierhead Street.
5. Integrate high quality visitor services and tourist information into new transport facilities, including the Transport Interchange and Metro Central.
6. Develop a new city centre taxi/loading/parking masterplan.
7. Open up access to and the use of the River Taff as a transport corridor, including developing proposals for three new walking/cycling bridge crossings at Central Quay, The Embankment and Channel View to improve integration with nearby residential areas.
8. Make Cardiff an exemplar for zero carbon transport including electric vehicle (EV) charging and EV public transport throughout the city centre.



Credits to: Math Roberts  
Senghenydd Road cycle lane



Credits to: Visit Wales  
Bute Park



# 4. A CITY CENTRE OF WORLD CLASS URBAN DESIGN & PUBLIC REALM

The city centre already has some great streets and spaces that provide the setting for a wide range of high quality historic and modern buildings, from the Civic Centre in the north, through to Cardiff Bay's waterfront, the Pierhead Building and the Wales Millennium Centre in the south. However, there are opportunities to go beyond this and develop a network of new (and upgraded existing) streets, arcades and squares fit for an expanding and diverse capital city.

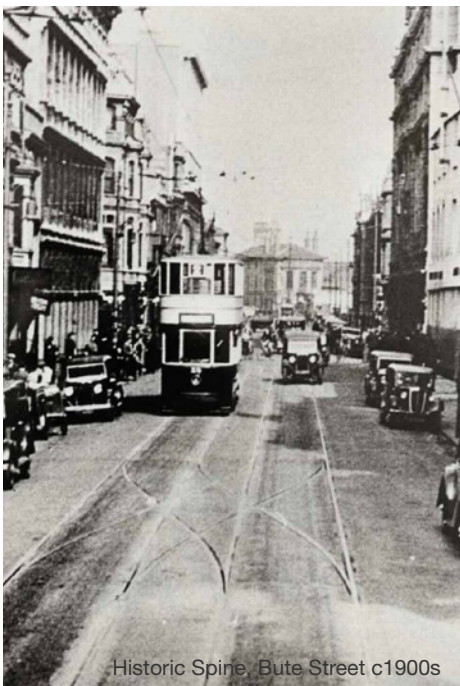
We need to add to our existing achievements and continue to raise design standards, in order to provide more landmark streets, spaces, buildings and destinations, based around a continuous pedestrian network that attracts national and international attention and supports local businesses.





WE WILL:

1. Prepare a streetscape design guide for the city centre, consolidating and updating existing guidance to ensure that new and existing streets, spaces and buildings are developed to high quality architecture, landscape and biodiversity standards.
2. Develop a programme of streetscape enhancements to upgrade and declutter, creating streets and spaces that are safer, more attractive and more accessible for all users.
3. Encourage commercial premises to upgrade building/shop frontages and to raise design standards, focusing on historic buildings and Conservation Areas (e.g. Castle Street frontages).
4. Regenerate Cardiff Market as a great destination linked to the network of historic arcades.
5. Create a new Capital City High Street with an enhanced public realm, including greening, art, wayfinding and amenity spaces, following the historic central 'spine' from Cardiff Castle, through High Street/St Mary Street, Callaghan Square and Lloyd George Avenue, terminating at Cardiff Bay and the Docks.
6. Develop proposals for new landmark squares and public spaces at the Canal Quarter, Callaghan Square, Central Quay, University/ Cultural Quarter, The Embankment, Mount Stuart Square, Boulevard de Nantes and Westgate Street.





# 5. A GREEN AND BIODIVERSE CITY CENTRE

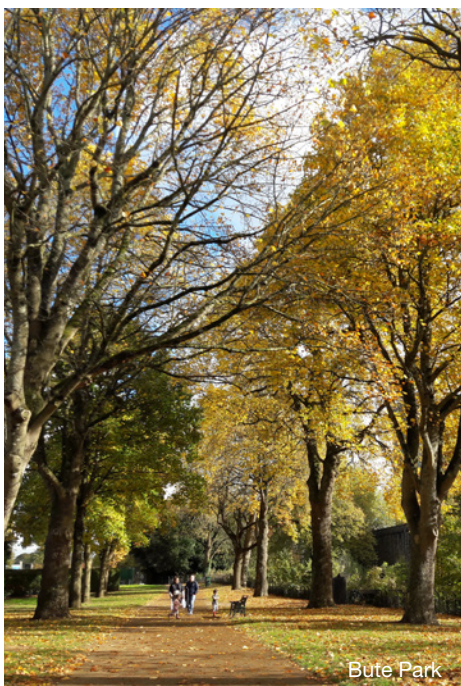
The city centre has a rich heritage of green infrastructure that forms an integral part of its character, from the 130 acres of landscaped gardens and parkland in Bute Park, through to the magnificent tree lined avenues and green spaces that form the setting of the Civic Centre. These areas are however separated from the core of the city centre by busy transport corridors and there are several locations within the central core that, by comparison, are lacking in trees and greenery.

Urban greening has a wide range of positive benefits, from helping to lessen the impacts of climate change by cooling the city and absorbing storm water, to improving biodiversity and ecological resilience by creating better quality and connected habitats, through to promoting healthier living by providing spaces for physical activity/relaxation and making streets more welcoming and attractive.



WE WILL:

1. Better integrate existing major parks (Bute Park/Cathays Park) and green spaces with the core of the city centre through traffic calming measures and improved pedestrian connectivity, including through the Castle grounds and its west/ clock tower gate.
2. Seek to keep the Castle grounds open as a public green space.
3. Develop a green asset plan and work with partners to fully green the city centre (contributing towards Coed Caerdydd) through large scale interventions such as street greening, increased tree planting and the installation of green roofs/ walls on new/redeveloped buildings, through to smaller scale works such as the inclusion of planters in all street cafés.
4. Work with partners and developers to deliver a network of new public green spaces across the city centre, including developing major new parks at: Callaghan Square, Lloyd George Avenue and the Taff River Embankment.
5. Turn grey areas of impermeable paving green (and blue) through the increased provision of rain gardens/sustainable urban drainage systems (SuDs) as part of a comprehensive programme of retrofitting across the city centre. Develop new landmark schemes like the award winning Greener Grangetown in the city centre, Riverside and Cathays.





# 6. A BLUE CITY CENTRE OF RIVERS AND CANALS

Cardiff is a city that owes much of its success and growth to its canals, rivers and waterfront location, however, over the years, many of these features have become underutilised, been built over or hidden from view.

Massive potential exists to open up, enhance and link up the city centres water ways and water frontages, with new canals, bridges and active travel/tourism routes that link to wider community, economic, environmental and biodiversity benefits, helping to improve people's health and wellbeing.



**WE WILL:**

1. Create tourism/visitor active travel trails along and around Cardiff Bay, the rivers Taff, Rhymney and Ely, Cardiff Lakes (Roath Lake and Llanishen/Lisvane Reservoirs), the Dock Feeder Canal and the Coastal Path.
2. Work with partners and developers to deliver a network of new public waterfront corridors across the city centre, including developing major new water parks at:
  - The Canal Quarter (along Churchill Way)
  - Lloyd George Avenue (returning the Bute Dock West Canal)
3. Create new river bridges at: Channel View, The Embankment (Dumballs Road), Central Quay and Ely Mill. Deliver a new multimode road bridge at Llanrumney (Ball Road). Refurbish Black Weir Bridge.
4. Explore the opportunity to create 'continental style' waterfront open spaces at Cardiff Bay, Channel View and Black Weir Bridge.
5. Develop a 10-year river, water and flood plan for the city centre to help ensure that it is resilient to flood risk and also maximises access to the great existing and new water opportunities across the city.



Blackweir Bridge



Canal Quarter, Churchill Way



# 7. A GREAT INCLUSIVE PLACE TO LIVE AND PLAY

The growth in city centre living over the past two decades has been predominantly through the introduction of new apartment buildings and the conversion of the upper floors above commercial premises. To help to make living in the city centre more accessible to families and a broader range of people, there is a need to provide a wider mix of housing types and more flexible accommodation.

Creating great places to live that are vibrant and viable, with highly legible neighbourhoods, accessible facilities, a mixture of housing choices and bespoke architecture will be central to attracting more people to live in the city centre. In addition, Cardiff has committed to becoming a 'Child Friendly City'. The surrounding public realm should support all ages of the population through the provision of safe, high-quality streets and public spaces that prioritise pedestrians.



WE WILL:

1. Seek to provide a wider range and choice of family accommodation across the city centre/Bay with supporting facilities.
2. Establish a regular engagement partnership with residents and user groups.
3. Commit to making the city centre safer, cleaner, welcoming and more attractive for people of all ages and backgrounds.
4. Develop an equalities and all ages access strategy, supporting the city's Age Friendly City strategy.
5. Work with the Welsh Government's Transforming Towns programme to support in city centre regeneration schemes, street frontage improvements and public space enhancements.
6. Develop a fully child friendly city centre including the provision of play opportunities in new public spaces.
7. Create great food destinations, with high quality street markets, restaurants, cafes, shops and supporting infrastructure.
8. Develop a range of quieter seating areas and family/play spaces.



Credits to: Visit Wales





## 8. A CITY CENTRE OF CULTURE AND ANIMATION

Cardiff can build on its status as the national centre for arts and performance, utilising the full potential of cultural venues, including the Wales Millennium Centre, the National Museum and Gallery of Wales, St David's Hall and the New Theatre. Building on established events, Cardiff's position can be reinforced as a major cultural centre. The city's festivals are of national renown. Cardiff is the regional hub for the provision of around-the-clock entertainment, arts and leisure facilities. Many of the city's pubs and clubs provide live music events while larger venues throughout the city centre play host to internationally recognised artists.

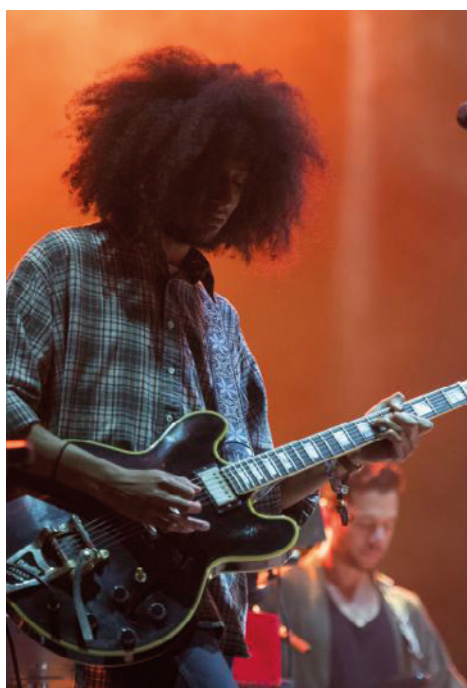
It is essential to put culture and arts at the centre of the recovery, embracing the role the sector plays in shaping our city centre.





WE WILL:

1. Develop a new 'home grown' events strategy and place animation programme.
2. Develop proposals for a new creative hub in the city centre to support production and performance.
3. Develop new city centre and Bay art/cultural centres.
4. Establish a city cultural festival, scoping a quality International Festival of Street Art.
5. Develop Womanby Street as a new music quarter to celebrate its significance as Cardiff's most loved music street.
6. Establish a city centre artist in residence programme.
7. Develop creative uses in meanwhile spaces, taking a dynamic approach to repurposing empty shops for artist activity where possible to ensure that empty spaces are used productively.
8. Establish public spaces that can accommodate outdoor events as part of new developments.





# 9. A GREAT QUALITY EXPERIENCE FOR VISITORS

The bustling city centre is a key destination for tourism in Wales and the sector is a critical part of the city's post-Covid recovery. The area boasts the majority of the larger events and attractions in Cardiff, including Cardiff Castle, the Principality Stadium and Bute Park and accommodates the majority of hotel bedrooms and larger spaces to attract conferences and business events.

The aim is to raise the profile of Cardiff, increase visitor numbers, and encourage repeat visits and longer stays. We will do this by working collaboratively with key stakeholders and delivering marketing campaigns that promote the tourism product to both domestic and international audiences.



WE WILL:

1. Establish a clear 'Visit Cardiff' brand, bringing together key stakeholders such as FOR Cardiff and Visit Cardiff Network members, to ensure there is a cohesive approach to marketing and promotion through one place brand for the city.
2. Explore the potential of a transport and attractions visitor card.
3. Promote free access activities within the city centre such as public art and heritage trails.
4. Progress key campaigns to help raise the profile of the city including Christmas, a waterfront city, major events and the Cardiff Music City brand.
5. Promote the city centre's unique assets including Cardiff Castle, Cardiff Market, its Victorian arcades and sports/cultural venues.
6. Build on visitcardiff.com and associated social media platforms to expand digital reach.
7. Encourage more business events of all sizes in the city centre to attract more weekday visitors and promote the city centre as a competitive business location.





My Ref: T: Scrutiny/Correspondence/Cllr NH

Date: 20 January 2022

Councillor Huw Thomas  
Leader  
Cardiff Council  
County Hall  
Cardiff  
CF10 4UW



County Hall  
Cardiff,  
CF10 4UW  
Tel: (029) 2087 2087

Neuadd y Sir  
Caerdydd,  
CF10 4UW  
Ffôn: (029) 2087 2088

Dear Councillor Thomas,

### **City Centre Recovery Action Plan**

Thank you for attending the Economy & Culture Scrutiny Committee on 19 January 2022, along with Andrew Gregory, Michael Barnett, and Jon Day, to discuss the report to Cabinet regarding the proposed City Centre Recovery Action Plan. This letter captures the comments and observations from Members, as discussed during our way forward.

Overall, Members support the recommendation to Cabinet to approve the Action Plan. Members support the nine key themes, which reflect the findings from consultation with stakeholders. Members agree that implementation of the Action Plan is key. Members note that there are over 100 actions in the Plan. At the meeting, Members sought assurance that these were deliverable. Members note the response that a substantial percentage of these actions are already being delivered or have business cases being prepared and costed. Members note the points made by Andrew Gregory that proposals will only be implemented if there is a robust business case, with agreed costings, and that the aim of the Action Plan is to give focus and to pull work into a single programme, thus giving clear sight of actions underway and proposed.

However, Members remain concerned that some of the actions, particularly the larger transport scheme actions, relate to schemes that have been talked about for years with little sign of progress to date. Work with partners will be essential to deliver these schemes and Members note that work via the Cardiff Capital Region City Deal

has assisted discussions with the Department of Transport and Network Rail regarding Cardiff Central Train Station.

Members also discussed the need for other partners, such as the Police, to be involved in the delivery of the Action Plan and are pleased to note your assurance that the Police have given commitments.

Members are particularly concerned to ensure that this Action Plan supports delivery of the Physical Activity and Sport Strategy 2022-2027, which we also considered at this meeting. Members questioned whether planned developments from Central Quay through to Dumballs Road redevelopment included sufficient open and green space, particularly alongside the riverfront, to enable increased levels of physical activity and sport. Members note your response and Andrew Gregory's response that these developments incorporate new open and green public spaces, new bridges, and a continuous riverside park to join these developments and spaces together.

Members raised the specific issue of decluttering streets and note Andrew Gregory's response that the Equalities Group is involved in assessing the plan to declutter St Mary Street and Queen Street. In the response to this letter, Members request clarification as to which Equalities Group this is and whether the RNIB is represented on this group.

Finally, Members sought to understand how the Council would know if some of the aims of the Action Plan had been achieved, for example that the city centre becomes more child-friendly and wondered whether footfall data would assist with this. Members note Jon Day's response that current footfall data does not supply this level of detail but that other sources, such as Google Analytics, may. In the response to this letter, Members seek clarification on these possible data sources.

**Requests following this scrutiny:**

This letter contains two requests, as follows:

1. In the response to this letter, please clarify which Equalities Group is assessing the plan to declutter St Mary Street and Queen Street and whether the RNIB is represented on this group.
2. In the response to this letter, please clarify which possible data sources could be used to evidence changes in footfall that would demonstrate the action plan

is achieving its aims, for example that the city centre is becoming more child friendly.

Thank you again to all for attending committee. I am sure a future committee will wish to scrutinise progress in implementation and outcomes. We wish you well in delivering the Action Plan, which should assist Cardiff to move from having a good city centre to having a great city centre, to the benefit of all.

Yours sincerely,



**COUNCILLOR NIGEL HOWELLS**  
**CHAIR, ECONOMY & CULTURE SCRUTINY COMMITTEE**

cc Members of the Economy & Culture Scrutiny Committee  
Cllr Goodway – Cabinet Member, Investment & Development  
Cllr Wild – Cabinet Member, Strategic Planning & Transport  
Cllr Robson – Group Leader  
Cllr Taylor – Group Leader  
Cllr K Parry – Group Leader  
David Hugh Thomas – Chair, Governance & Audit Committee  
Andrew Gregory      Michael Barnett      Jon Day  
Neil Hanratty      Clair James      Imelda Seymour  
Cabinet Support Office  
Chris Pyke      Tim Gordon      Jeremy Rhys

Mae'r dudalen hon yn wag yn fwriadol



**SWYDDFA'R ARWEINYDD  
OFFICE OF THE LEADER**

Fy Nghyf / My Ref: CM47029

Dyddiad / Date: 10 February 2022



**Neuadd y Sir**  
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Councillor Nigel Howells  
Chairperson Economy & Culture Scrutiny Committee  
County Hall  
Atlantic Wharf  
Cardiff  
CF10 4UW

Via email: [AHolt@cardiff.gov.uk](mailto:AHolt@cardiff.gov.uk)

Annwyl/Dear Nigel,

RE: Economy and Culture Scrutiny Committee – City Centre Recovery Strategy  
Action Plan – 19 January 2022

Thank you for your letter dated 20<sup>th</sup> January 2022 setting out the comments and observations of the Members regarding the City Centre Recovery Action Plan.

Please find below a response to the two questions raised, which I would be grateful if you could share with Members.

1. Please clarify which Equalities Group is assessing the plan to declutter St Mary Street and Queen Street and whether the RNIB is represented on this group.

With regard to the current proposals to declutter St Mary Street, engagement has been undertaken with the Equality & Access Group, which has representatives from:

- RNIB
- Cardiff 50+ Forum
- Diverse Cymru
- Alzheimer's Society
- Guide Dogs Cymru
- Wales Council for Deaf People
- Disability Wales
- Council equality team
- Access Included

**GWEITHIO DROS GAERDYDD, GWEITHIO DROSOCH CHI**

Mae'r Cyngor yn croesawu gohebiaeth yn Gymraeg, Saesneg neu'n ddwyieithog. Byddwn yn cyfathrebu â chi yn ôl eich dewis, dim ond i chi roi gwybod i ni pa un sydd well gennych. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

**WORKING FOR CARDIFF, WORKING FOR YOU**

The Council welcomes correspondence in Welsh, English or bilingually. We will ensure that we communicate with you in the language of your choice, as long as you let us know which you prefer. Corresponding in Welsh will not lead to delay.

Tudalen 57



Also invited, but did not attend were:

- Age Connect Cardiff
- British Deaf Association
- Deaf Hub Cardiff

2. Please clarify which possible data sources could be used to evidence changes in (city centre) footfall that would demonstrate the action plan is achieving its aims, for example that the city centre is becoming more child friendly.

A footfall survey is undertaken on a weekly basis with data captured by cameras at seven locations around the city centre. This data is then used to analyse:

- The total number of visitors to the city centre for the last 52 weeks
- The total number of visitors to the city centre for the year to date
- The total number of visitors to the city centre in each week
- The busiest day in each week
- The peak hour of each week
- Footfall by location

The results are then compared against year-on-year and week-on-week benchmark calculations (using like for like data sets), which enables us to monitor changes and trends in footfall patterns over both the short and long term.

If you have any further queries, please contact me.

Yn gywir,  
Yours sincerely,



**CYNGHORYDD / COUNCILLOR HUW THOMAS**  
**ARWEINYDD / LEADER**  
**CYNGOR CAERDYDD / CARDIFF COUNCIL**

**CYNGOR CAERDYDD  
CARDIFF COUNCIL**

**ECONOMY & CULTURE SCRUTINY COMMITTEE**

**21 NOVEMBER 2023**

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**CARDIFF CAPITAL REGION CITY DEAL AND WESTERN GATEWAY  
PARTNERSHIPS: UPDATE**

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**Purpose of the Report**

1. To provide background information for Members to aid their scrutiny of key regional partnerships – the Cardiff Capital Region City Deal (City Deal) and the Western Gateway Partnership.

**Scope of Scrutiny**

2. During this scrutiny, Members can explore:
  - i. The policy priorities for the City Deal and Western Gateway
  - ii. The fit between the above and those of Cardiff Council
  - iii. Partnership working
  - iv. Work towards the Corporate Joint Committee
  - v. Financial implications for Cardiff Council
  - vi. Whether there are any risks to the Council
  - vii. The timeline and next steps for delivering proposed projects.

**Background – City Deal**

3. On 15 March 2016, the ten leaders of the local authorities in the Cardiff Capital Region<sup>1</sup>, Secretary of State for Wales, Chief Secretary to the Treasury, and Welsh First Minister signed the City Deal document. This included:
  - i. Cardiff Capital Region Investment Fund – approximately £1.2 billion over 20 years
  - ii. Connecting the Cardiff Capital Region

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<sup>1</sup> The Cardiff Capital Region's ten local authorities are Blaenau Gwent, Bridgend, Caerphilly, Cardiff, Merthyr Tydfil, Monmouthshire, Newport, Rhondda Cynon Taf, Torfaen, and Vale of Glamorgan

- iii. Investing in Innovation and the Digital Network
  - iv. Developing a Skilled Workforce and Tackling Unemployment
  - v. Supporting Enterprise and Business Growth
  - vi. Housing Development and Regeneration
  - vii. Cardiff Capital Region Governance.
4. The high-level aims of the CCR City Deal are to create 25,000 jobs and lever in £4bn private sector investment, enabling economic change, improved digital and physical connectivity, improved skills and educational opportunities and regeneration across the region. The aim is to use the City Deal to act as a catalyst to drive positive change in the region.
5. The Joint Working Agreement provides the legal framework for the City Deal, establishing the governance arrangements and outlining the roles and responsibilities of the Regional Cabinet<sup>2</sup>, as well as the relationship with other regional bodies and organisations. It also includes the principles for financial contributions by local authorities.
6. The Cardiff Capital Region Investment Fund provides £1.2 billion, of which £734m is allocated to the Metro programme. The remaining balance of £495m is known as the 'Wider Investment Fund'. This is made up of:
- i. £375m grant from UK Government (HM Treasury) paid over 20 years, with £50m in years 1-5; and
  - ii. £120m local authority partnership capital contribution – the value of each local authority's contribution determined by their percentage population; Cardiff Council's contribution is £50m.
7. The CCRCDC has its own website at:  
[Cardiff Capital Region - Re-energising our Region, Reshaping our Future](#)
8. The CCRCDC Joint Overview and Scrutiny Committee (JOSC) was established in 2018, via reports agreed at all ten local authority council meetings; in Cardiff, this council meeting was held on 21 June 2018. There have been several reviews of the JOSC arrangements, and it now consists of one non-executive Member from

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<sup>2</sup> The Regional Cabinet consists of the Leaders and Chief Executives of the Cardiff Capital Region's ten local authorities.

each of the ten local authorities, with a deputy who is only entitled to speak and vote at meetings of the JOSc in the absence of the principal representative. The CCRCd had an initial budget line of £69,000 allocated for scrutiny. It is currently supported by Rhondda Cynon Taf Scrutiny Services. Details and papers for meetings since 2020 can be found [here](#).

## **Background – Corporate Joint Committee - CJC**

9. Between February 2021 and June 2022, Welsh Ministers laid Regulations establishing four CJs, covering all of Wales<sup>3</sup>. Cardiff is included in the South East Wales CJC, which has the same footprint as the CCRCd, and consists of the Leaders of the ten local authorities as well as a representative from the Bannau Brycheiniog National Park.
10. Some of the Regulations came into force in April 2021, requiring CJs to agree a budget for 2022/23 and approve a levy on constituent authorities.
11. Since 30 June 2022, CJs are responsible for preparing strategic development plans and regional transport plans. CJs also have the power to do anything to enhance or promote the economic well-being of their area; local authorities retain economic well-being powers, meaning there will need to be agreement between constituent local authorities and CJs on what remains at a local level and what would be best undertaken by the CJC<sup>4</sup>.
12. The CCRCd Regional Cabinet has taken the lead in establishing the South East Wales CJC, with the aim of transitioning from the City Deal to the CJC. Work is underway to achieve this, with a Transition Plan, steering group, and workstreams; the latest progress report was taken to 9 October 2023 CJC meeting and is available here: [item-6-transition-plan.pdf \(cardiffcapitalregion.wales\)](#)
13. The executive arrangements adopted must include provision for the appointment of one or more overview and scrutiny committees or joint overview and scrutiny committees, with power between them to review, scrutinise and make reports or recommendations in relation to the discharge of any of the authority's executive

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<sup>3</sup> The Local Government and Elections (Wales) Act 2021 provided for CJs, with Regulations and Statutory Instruments establishing the legal framework for CJs.

<sup>4</sup> [Written Statement: The role of Corporate Joint Committees \(15 July 2022\) | GOV.WALES](#)

and or non-executive functions (section 21 of the Local Government Act 2000). This includes a requirement to make arrangements for the scrutiny of functions delegated to the CJC.

14. The CJC Regulations<sup>5</sup> do not require a CJC to establish its own overview and scrutiny committee but do require them to provide information to, attend meetings of, and consider any report or recommendations made by a '*relevant overview and scrutiny committee*', which is defined as an overview and scrutiny committee of a constituent council, a joint overview and scrutiny committee of constituent councils, or a sub-committee of these.
15. The Welsh Government Statutory Guidance accompanying the CJC Regulations states that '*in considering the most effective and efficient approach to scrutiny, constituent councils and CJCs should give thought to the benefits of a joint overview and scrutiny committee made up of the constituent councils.*'
16. The CJC considered a report on the proposed scrutiny arrangements for the CJC at their meeting on 31 July 2023 and endorsed the proposal that the JOSC provide the scrutiny arrangements for the CJC, subject to discussions with the existing hosting authority – Rhondda Cynon Taff - and agreement from all constituent authorities.
17. This proposal was also considered by the JOSC at their meeting on 27 July 2023. After the meeting, the Chair of the JOSC wrote a letter to the CJC's Interim Monitoring Officer to confirm that:  
*'Members were supportive of the proposed arrangements for the Joint Overview and Scrutiny Committee to be appointed as the Joint Overview and Scrutiny Committee for the CJC and highlighted the importance of ensuring that an effective model of governance and scrutiny arrangements for the CJC are put in place. This included ensuring that the arrangement is adequately resourced to include funding for Members to receive sufficient training and support to take forward future Scrutiny for the CJC. In doing this, Members welcomed the opportunity to shape and revise their Terms of Reference to ensure they are fit for purpose and provide a clear and defined purpose on the Committee's future objectives and responsibilities.'*

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<sup>5</sup> Regulations 8-10 CJC (General) (No.2) (Wales) Regulations 2022

18. Following consideration of the above at Committee on 19 September 2023, the Chair, Councillor Wong, and the Chair of the Environmental Scrutiny Committee, Councillor Owen Jones, wrote to the Leader setting out the comments and observations of the Committee, including three recommendations. Full Council considered the above at their meeting on 21 September 2023, and agreed the report and recommendations, which were attached on the Amendment Sheet.

### **Background - Western Gateway**

19. The Western Gateway Partnership<sup>6</sup> covers the council areas of Cardiff, Bristol, Newport, Swansea, Gloucestershire, South Gloucestershire, North Somerset, Bath and North-East Somerset, Swindon, and Wiltshire as well as the Cardiff Capital Region City Deal and West of England Combined Authority. It brings together the Welsh and UK Governments, local authorities, city regions and Local Enterprise Partnerships (LEPs). Its purpose is to boost economic productivity, improve transport and digital connectivity, and lead the UK's green transition. It acts as a convener, bringing together actors across the region to tackle collective challenges and opportunities that can only be considered at a pan-regional level.

20. At a UK level it provides a voice and case for strategic investment for South Wales and the West of England alongside similar pan-regional partnerships including the Northern Powerhouse and Midlands Engine.

21. The Western Gateway is led by a Partnership Board, where each member has one equal vote. Membership is comprised of:

- i. An Independent Chair
- ii. Leaders of the following public authorities: Bath & North East Somerset, Bristol, Cardiff, Cardiff Capital Region, Gloucestershire (plus one District Council representative), Newport, North Somerset, South Gloucestershire, Swansea, Swansea Bay City Region, Swindon, West of England Combined Authority and Wiltshire
- iii. Two representatives from universities in the Western Gateway area

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<sup>6</sup> [About the Western Gateway | Western Gateway \(western-gateway.co.uk\)](https://www.western-gateway.co.uk)

- iv. Up to three representatives from businesses in the Western Gateway area, appointed via a public appointment process, and
- v. Chairs of the following LEPs: Gloucestershire First LEP, Swindon & Wiltshire LEP, West of England LEP.

22. The Western Gateway Secretariat function is hosted by South Gloucestershire Council, which is the Accountable Body for the partnership. There is a director to lead the partnership's work and engagement programme, supported by a policy, projects and communications team.

23. In July 2019, the '*A Powerhouse for the West*' report, commissioned by Cardiff, Newport, and Bristol Councils, was published and launched at an event held at the House of Commons. The report highlighted the following:

- i. Expanding the Western Gateway, from the original core of Cardiff, Bristol and Newport to a wider region connected from Swindon to Swansea, would create the size and scale needed to compete with the Northern Powerhouse and Midlands Engine areas.
- ii. The area has significant and complementary sector strengths in advanced manufacturing and engineering, cyber, green energy, fintech and creative industries.
- iii. There is a need to push for significant levels of Government funding and investment in infrastructure, comparable with those given to the Northern Powerhouse and Midlands Engine areas, to avoid becoming relatively less well-connected.
- iv. Transport links and connectivity are key to enhancing labour supply, labour market matching, labour productivity and knowledge spillover.
- v. The Western Gateway region is losing out in terms of foreign direct investment, compared to the Northern Powerhouse and Midlands Engine, as it lacks a co-ordinated approach to internationalisations and its own trade missions to key global markets.
- vi. The Severn Estuary brings an important opportunity for economic growth and decarbonisation as it has high potential for renewable energy generation via tidal power.



24. In November 2019, the UK Government announced £400k of start-up funding to help kickstart the new 'Western Gateway' partnership, together with a related future 4-year funding commitment. Katherine Bennett CBE, then Senior Vice-President of Airbus UK was appointed as the first Chair of the Western Gateway.
25. In Autumn 2021, the Western Gateway published an Independent Economic Review report, which they had commissioned Deloitte to undertake, to provide further evidence and identify key priorities for cross-region action. Following this, the Western Gateway agreed to focus activity on:
- i. NetZero – Decarbonising Energy Generation
  - ii. Strategic Connectivity
  - iii. Innovation
  - iv. Inward Investment.
26. Programmes of work are underway under each of the priority areas, with active engagement from Cardiff Council. As set out in the Cabinet report of December 2021 the workstreams of particular significance to Cardiff Council are Net Zero and Strategic Connectivity.
27. The Net Zero programme includes workstreams on: the energy potential of the Severn Estuary; Nuclear Power; and Hydrogen. In October 2021, the Western Gateway Partnership Board agreed to establish an Independent Commission on the potential for tidal energy of the Severn, and the Leader of Cardiff Council was nominated to lead this initiative. The Leader chairs a sub-group of the Western Gateway Board containing public, private and environmental sector stakeholders to progress this initiative. Recent progress includes:
- An initial study assessing the tidal energy potential of the Severn, UK and Welsh government policy, potential funding models and an assessment of previous projects has been completed and presented to the Western Gateway Board and key stakeholders. This work will provide an initial evidence base for the work of the Commission when in place.
  - Recruitment has been completed for a Head of Sustainable Energy from the Severn Estuary to lead this programme of work.

- The Western Gateway is partnering with a number of project bids to the Welsh Government Tidal Lagoon Challenge (of £750,000).
- Work is underway to appoint a Chair and independent commissioners with the intention of launching the Commission in early 2024.

28. More broadly on Net Zero, the Western Gateway has expanded its work on Net Zero to include working to become the UK's first Green Energy Super Cluster, hosting a conference on hydrogen energy and working with academic partners to secure £2.5m EPSRC<sup>7</sup> funding and £1.5m additional funds and in-kind support from academic, civic and industry partners to develop a hydrogen supercluster<sup>8</sup>.

29. The initial work on Strategic Connectivity focused on securing investment into the strategic rail infrastructure linking Cardiff to other Core Cities and London. In March 2023, the [Western Gateway 2050 Rail Vision](#) was launched in the House of Lords; this highlights the area's engineering strengths, looking at innovative methods for quicker trains and new stations, including modern methods of construction. The report highlights that Cardiff is one of the least well directly connected major cities in the UK and sets out the case for a number of strategic rail investments including: reducing journey times and increasing frequency of trains between Bristol and Cardiff; reduced journey times to London; and improvements to the South Wales Mainline and Severn tunnel. Since then, the Western Gateway has endorsed the Global Centre for Rail Excellence vision, which provides research, product development and testing, and is located in a former opencast mine in the Dulais Valley<sup>9</sup>.

30. The Western Gateway Partnership has also worked to increase its visibility and reach, holding events in Westminster, attending party conferences, and hosting a pavilion at the UK's Real Estate Investment Infrastructure Forum<sup>10</sup> in which

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<sup>7</sup> EPSRC - Engineering and Physical Sciences Research Council

<sup>8</sup> [Multimillion pound investment to develop hydrogen supercluster in South West England and South Wales | Western Gateway \(western-gateway.co.uk\)](#)

<sup>9</sup> [Businesses and decision makers gather in Swindon to bring the world's future railways to South Wales and Western England | Western Gateway \(western-gateway.co.uk\)](#)

<sup>10</sup> [News and Events | Western Gateway \(western-gateway.co.uk\)](#)

Cardiff Council and the CCR both participated. A major Western Gateway Conference is being planned for mid-2024.

31. Following the completion of her tenure as Chair of the Western Gateway Katherine Bennett will step down in early 2024. A recruitment process for a new Chair is currently underway.

32. The resource and financing arrangements are:

- i. In 2020/21, the partnership received £500,00 from the Ministry for Housing, Communities and Local Government (which has since been renamed as the Department for Levelling Up, Housing and Communities - DLUHC) and £190,000 in payments from member organisations (comprised of a £10,000 contribution by each partner).
- ii. At their meeting on 16 December 2021, the Cabinet gave approval to continue to participate in the partnership and to approve an annual financial contribution of £10,000.
- iii. In August 2022 DLUHC confirmed a three-year capacity funding settlement for the Western Gateway with yearly contributions of £1million.

### **Previous Scrutiny**

33. The previous Economy & Culture Scrutiny Committee considered an update report on the Western Gateway at their meeting on 13 December 2021 – papers available [here](#). The then-Chair's letter is attached at **Appendix A** for information.

34. This Committee has received regular updates on the City Deal and work towards the South East Wales Corporate Joint Committee, most recently at their meeting on 19 September 2023 - papers available [here](#). The Chair's letter, including recommendations, is attached at **Appendix B** for information.

## **Way Forward**

35. Councillor Huw Thomas (Leader) will be invited to make a statement. He, Gareth Newell (Head of Performance and Partnerships) and Jon Day (Operational Manager, Tourism and Investment) will attend to answer Members' questions.

## **Legal Implications**

36. 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**

37. 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.

## **RECOMMENDATION**

The Committee is recommended to:

- i) Consider the information in this report, its appendices and information provided at the meeting
- ii) Determine whether they would like to make any comments, observations, or recommendations to the Cabinet on this matter, and
- iii) Decide the way forward for any future scrutiny of the issues discussed.

**Leanne Weston**  
**Interim Deputy Monitoring Officer**  
**15 November 2023**

Mae'r dudalen hon yn wag yn fwriadol

My Ref: T: Scrutiny/Correspondence/Cllr NH

Date: 14 December 2021

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Leader  
Cardiff Council  
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Dear Councillor Thomas,

### **Western Gateway**

Thank you for attending the Economy & Culture Scrutiny Committee on 13 December 2021, along with Paul Orders, to discuss the briefing report regarding the Western Gateway partnership. This letter captures the comments and observations from Members.

Members were pleased to receive a briefing on the work of the Western Gateway partnership and note that the two workstreams of most significance to Cardiff are: the work on improving strategic rail infrastructure to boost our connectivity with the West of England and the M4 corridor to Heathrow and London; and the Severn Estuary tidal energy work. Members note that you are chairing the work on the Independent Commission to investigate the latter and that a stakeholder round table discussion is to be held in January 2022.

At the meeting, Members asked what the £190,000, made up from £10,000-each contributions from partners, would be used for and note your response that it is being used to build a base staffing resource, who will drive forward the work of the partnership and boost its profile.

Members also discussed how potential conflicts within the partnership would be managed, for example if areas put in competing bids for investment opportunities. Members note your response that the reality of this is recognised and acknowledged within the partnership, and has indeed already occurred, and that partners take the view that whichever area wins the investment, the benefits ripple out across the region via increased employment and use of local supply chains. Members also note

that the two workstreams of particular significance to Cardiff cover areas of strategic infrastructure, with national significance, and as such these bring benefits across the region.

Overall, Members are pleased to see work progressing with our Western Gateway partners and wish you well with these endeavours.

This letter does not require a response, thank you.

Yours sincerely,



**COUNCILLOR NIGEL HOWELLS**  
**CHAIR, ECONOMY & CULTURE SCRUTINY COMMITTEE**

cc Members of the Economy & Culture Scrutiny Committee  
Cllr Adrian Robson – Group Leader  
Cllr Rhys Taylor – Group Leader  
Cllr Emma Sandrey – Deputy Group Leader  
Cllr Keith Parry – Group Leader  
David Hugh Thomas – Chair Governance & Audit Committee  
Paul Orders  
Gareth Newell  
Rhian Jones  
Cabinet Support Office  
Tim Gordon  
Jeremy Rhys  
Chris Pyke





Date: 20 September 2023

Councillor Thomas  
Leader,  
Cardiff Council  
County Hall  
Cardiff  
CF10 4UW

Dear Councillor Thomas,

**CARDIFF CAPITAL REGION CITY DEAL JOINT OVERVIEW & SCRUTINY COMMITTEE (CCRD JOSOC): PROPOSALS IN RELATION TO SCRUTINY OF THE SOUTH EAST WALES CORPORATE JOINT COMMITTEE**

The Economy & Culture Scrutiny Committee considered the proposal in relation to the scrutiny of the South East Wales Corporate Joint Committee (CJC) and the draft Terms of Reference for the Joint Overview and Scrutiny Committee. Cllr Owen Jones, Chair of the Environmental Scrutiny Committee and the Council's deputy on the CCRCJ JOSOC was in attendance for this item, to share his experience of the current position.

The comments, observations and recommendations below were captured during the Committee's discussion at the Way Forward.

The Committee received information from colleagues in RCT that they are making the following recommendation to their Council this week and others indicating they will do the same:

**It is proposed that the CJC JOSOC review the terms of reference at its first proper meeting, and that any proposed amendments be reported to the constituent local authorities.**

This recommendation was supported by the committee as robust Terms of Reference are needed to ensure transparent and accountable scrutiny is undertaken and concerns were noted about the following:

- Confidential papers are not currently shared with members, therefore robust scrutiny of issues is not possible.
- There is not a clear communication/accountability pathway with the constituent authorities.
- Frequency of meetings, currently only 4 meetings a year, and given the size/scale/cost of some of the projects is this sufficient?
- Attendance at meetings has been poor, despite them being 'hybrid' and a recent meeting was cancelled as it was not quorate. Is non-attendance reported back to constituent authorities? Are there sanctions? Is this linked to terms of office?
- The outputs from the meeting do not appear to be easily accessible or visible and the question was asked should agendas and minutes from the meeting be routinely shared with all councillors, to improve awareness and communication of issues.

A question was asked about the diversity of the councillors that sit on the scrutiny committee and whether this was reflective of the area covered, and proposed a question should 'quotas' be introduced?

The committee asked what level of risk are they putting the Council at, both financially and reputationally, by not being able to vigorously scrutinise projects that have a far reaching impact?

Members also asked how the Terms of Reference compare to those for other core city/cross authority joint scrutiny arrangements and make a **recommendation** that this be explored in order to inform the review at the first meeting of the CJC JOSC.



Therefore, the three recommendations to Council are:

**It is proposed that the CJC JOSC review the terms of reference at its first proper meeting, and that any proposed amendments be reported to the constituent local authorities.**

**Terms of Reference for core city/cross authority Joint Scrutiny are compared with the draft to inform the review at the first proper meeting.**

**Access to confidential papers for members of the Joint Overview and Scrutiny Committee should form part of the Terms of Reference.**

Yours sincerely,

<b>COUNCILLOR PETER WONG CHAIR, ECONOMY &amp; CULTURE SCRUTINY COMMITTEE</b>  	<b>COUNCILLOR OWEN JONES CHAIR, ENVIRONMENTAL SCRUTINY COMMITTEE</b>  
--	---

cc Members of the Economy & Culture Scrutiny Committee  
Group Leaders - Cllr Lancaster, Cllr Berman, Cllr Gibson  
Debbie Said  
Claire Deguara  
Chris Pyke

Mae'r dudalen hon yn wag yn fwriadol

**CYNGOR CAERDYDD  
CARDIFF COUNCIL**

**ECONOMY & CULTURE SCRUTINY COMMITTEE**

**21 NOVEMBER 2023**

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**INDOOR ARENA FUNDING STRATEGY: PRE-DECISION SCRUTINY**

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*Appendices 1 and 2 of the Cabinet Report attached at Appendix A are not for publication as they contain exempt information of the description contained in paragraphs 14 and 16 of Part 4 and paragraph 21 of Part 5 of Schedule 12A of the Local Government Act 1972. It is viewed that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.*

**Purpose of the Report**

1. To give Members background information to aid the scrutiny of the draft report to Cabinet titled '*Indoor Arena Funding Strategy*', which is due to be considered by Cabinet at their meeting on 23 November 2023.

**Structure of papers**

2. Attached to this cover report are the following appendices:
  - i) Appendix A – report to Cabinet titled '*Indoor Arena Funding Strategy*'
  - ii) Confidential Appendix 1 – Report and Financial Modelling by Council Treasury Advisers (LINK)
  - iii) Confidential Appendix 2 – Council Funding Strategy
3. Members should note that **Appendices 1 and 2** of the Cabinet report are exempt from publication. Members are requested to keep this information confidential, in line with their responsibilities as set out in the Members Code of Conduct.

**Scope of Scrutiny**

4. At their meeting on 23 November 2023, the Cabinet will consider a report that:
  - i) Seeks approval of the Funding Strategy for the Indoor Arena
  - ii) Seeks authorisation to enter into and execute the Development and Funding Agreement (DFA) for the Indoor Arena

- iii) Requests Cabinet to note that relevant financial implications will be updated in the Medium-Term Financial Plan, Capital, and Treasury Management Strategies to be consistent with this funding strategy, to form a revised affordability envelope, and
  - iv) Requests Cabinet to note that implementation and review of this funding strategy will be undertaken as part of the annual updates to the Treasury Management Strategy and checkpoints in respect to this project specifically as part of post project review.
5. During this scrutiny, Members can explore:
- i) The proposed Indoor Arena Funding Strategy
  - ii) The financial, legal and property implications for the Council
  - iii) Key risks to the Council and proposed mitigations
  - iv) The proposed reporting and monitoring structure
  - v) The next steps and timelines involved, and
  - vi) The recommendations to Cabinet.

### **Structure of the meeting**

6. The Chair will move that this item be considered in two parts: an open session, where Members will be able to ask questions on the issues and papers that are in the public domain; and a closed session, where members of the public will be excluded, where Members can ask questions that pertain to **Appendices 1 and 2**.
7. Members will hear from Councillor Huw Thomas (Leader), Councillor Chris Weaver (Finance, Modernisation and Performance), Chris Lee (Corporate Director – Resources), Kyle Godfrey (Project Accountant) and Chris Barnett (Operational Manager – Major Projects). There will be a presentation taking Members through the proposals and recommendations to Cabinet, followed by Members' questions.
8. Given the potential impact of the proposed Funding Strategy on the Council's Capital Strategy, Capital Programme and Treasury Management Strategy, Councillor Joel Williams, Chair – Policy Review and Performance Scrutiny

Committee (PRAP), has been invited to attend this meeting and ask questions on these areas, as these fall within the remit of the PRAP committee.

9. Members will then be able to decide what comments, observations or recommendations they wish to pass on to the Cabinet for their consideration prior to making their decisions.

## **Background**

10. In November 2020, Cabinet approved the Live Nation consortium as the preferred bidder for delivery of the new Indoor Arena, authorised the land strategy, and authorised a Pre-Contract Service Agreement (PCSA). The Indoor Arena Full Business Case (FBC) was approved by Cabinet in September 2021. In March 2022, detailed planning consent for the new Indoor Arena was granted.
11. In March 2023, Cabinet approved an extension of the PCSA and the interim business case for the Multi Storey Car Park (MSCP). In July 2023, Cabinet considered a report detailing the inflationary pressures, increased projected costs, proposed redesign, extension of the PCSA to 31 March 2024, and the draft Development and Funding Agreement (DFA), including increasing the underwrite of the DFA from £5M to £7M. The report also set out proposals to bring forward the long stop date to achieve Financial Close. Cabinet agreed to these proposals.

## **Issues**

12. The report to Cabinet, attached at **Appendix A**, sets out the proposed Funding Strategy for the Indoor Arena, highlights key risks for the Council and details mitigations to counter these risk.

## ***Proposed Funding Strategy***

13. In terms of the proposed funding strategy, the report sets out:
  - i) The cost of funding the Indoor Arena has increased, due to significant increases in the costs of borrowing
  - ii) **Confidential Appendix 2** details the Council's proposed funding strategy
  - iii) The proposed funding strategy focuses on temporary borrowing arrangements during the three-year construction period, and then entering into a more long-

- term borrowing arrangement at a fixed term interest rate when this is most appropriate and affordable for the Council
- iv) Key Principles of the funding strategy include capitalisation of interest, a Minimum Revenue Provision holiday, using earmarked reserves and Medium-Term Financial Plan budgets to reduce debt burden early, proactive risk mitigation, and milestone reviews
  - v) The base budget provision of £1.5m, and Medium-Term Financial Plan provision for this to increase to £2.9M to cover initial debt repayments and interest costs, will be retained in the medium term
  - vi) The Capital Strategy approved by Full Council in March 2023 includes
    - i. Council's capital contribution - £27.3M - due to be funded by a mixture of earmarked capital receipts and borrowing
    - ii. Council's Funding (Self-Financing) – £138.1M direct borrowing, funded by the annual lease income from the Arena Operator, backed by a parent company guarantee, and £46M enabling funding for and assembly and MSCP, self-funded by income generated by the MSCP
  - vii) There are a number of key assumptions in the Indoor Arena Financing Model, including interest rates, as set out at points 28 – 29 and Confidential Appendix 2
  - viii) The Indoor Arena Financing Model forecasts the Indoor Arena will be self-financing over the term of the 46-year contract. However, in the short term, additional funding requirements are expected to be needed for circa 4 years; these can likely be funded from within existing earmarked reserves, including the Central Enterprise Zone reserve and Treasury Management reserve.
  - ix) the majority of the Council's initial investment, circa 80%, is being used to support Arena construction, which will be repaid by an income stream, which is backed by a parent company guarantee
  - x) for prudence, a contingency budget has been identified within earmarked reserves.

### ***Key Risks and Mitigations***

14. In terms of the key risks and mitigations, the report sets out:

- i) The Council is seeking to identify and manage risks at the start of the project, with prudence, affordability and sustainability at the heart of this approach



- ii) It is essential that the Council has mitigations in place, to counter the risks posed by economic uncertainty, such as future interest rates levels
- iii) key risks are: interest rate risks; RPI risks; and MSCP income risks
- iv) potential mitigations are detailed at **Point 31** and include: generating additional capital receipts; identify additional sources of revenue income within Atlantic Wharf; reduce debt early whilst retaining some reserves; review and update the Council's accounting practices, including capitalisation of interest (circa £15.5M) and Minimum Revenue Provision holiday
- v) the majority of the funding risk relates to circa 20% of the Council initial investment, in relation to enabling works and MSCP development and income streams.

15. **Point 32** highlights the implications of the above on other Council projects, stating

*'It is therefore recommended the Council move towards more developer led solutions for Major Projects that do not rely on the Council increasing its levels of borrowing or risk exposure further until Council has greater certainty of affordability and sustainability of Arena/MSCP costs and income proposals.'*

16. **Points 35 and 36** set out there are costs of not progressing with the Indoor Arena development, including direct costs, with further details in Confidential Appendix 2.

17. **Points 37 and 38** set out the next steps and timeline, including entering into the Development and Funding Agreement, commencing enabling works, achieving Financial Close, starting construction, and opening the Arena in late 20269.

18. **Financial Implications** are at **Points 40 – 53** and include the following additional information:

- i) The business case for the MSCP is yet to be considered by Cabinet. If following consideration additional mitigations are required, these should be included as updates to this funding strategy and included in budget proposals
- ii) Any revisions to the funding strategy, including additional borrowing to meet interest costs, will mean the Capital Strategy and investment programme will need to be updated
- iii) Some of the proposed mitigations have no data on their achievability or deliverability; these should be logged on the project risk register and continue to be reviewed, with outcomes included in project management updates

- iv) Where deviations to mitigations are made, these should be clearly set out with risk and financial implications impact considered over the whole term of the project
- v) The report does not set out whom, where and how often the funding strategy performance and progress would be reported – this is essential
- vi) The estimated £15.5M interest to be capitalised will result in an increase in the capital expenditure investment programme, which will need to be updated as part of the budget proposals 2024/25
- vii) It is unclear what further commitments further phases of the Atlantic Wharf Master Plan and other major projects will have on the Council's borrowing requirement – consideration needs to be given to limiting further council expenditure.

**19. Legal Implications** are at **Points 54 – 63** and include:

- i) Regard should be had to the legal implications set out in the July 2023 report to Cabinet on this matter<sup>1</sup>
- ii) Further external legal advice is appended to Appendix 2 regarding the enactment of the Subsidy Control Act 2022
- iii) the need for the Council to consider its duties with regard to the Equality Act 2010, Welsh Language Measure (Wales) 2011 and Welsh Language Standards, the Well- Being of Future Generations (Wales) Act 2015.

**20. Property Implications** are at **Points 64 – 66** and include:

- i) Any delays in signing the Development and Funding Agreement will add to practical pressures of managing vacant assets assembled as part of the enabling works referred to in the report
- ii) These assets are managed and leased to the maximum potential given the overall Atlantic Wharf project needs
- iii) Work on the MSCP business plan is ongoing.

### **Proposed Recommendations to Cabinet**

21. The report to Cabinet contains the following recommendations:

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<sup>1</sup> Available [Agenda for Cabinet on Thursday, 13th July, 2023, 2.00 pm : Cardiff Council \(moderngov.co.uk\)](#) - item 127

- 1) *Approve the Indoor Arena Funding Strategy as set out within this report and in more detail at **Confidential Appendix 2**.*
- 2) *Authorise entry into and execution of the Development and Funding Agreement (DFA) previously approved by Cabinet in July 2023, and in so doing approve any amendments to the legal documentation as may be necessary, for reasons including but not limited to ensuring consistency between them and finalising any outstanding areas of further deeds and documents which are ancillary to the legal documents approved, subject to consultation with S151 Officer and Legal Officers.*
- 3) *To note that, subject to entering in to a DFA with the Arena Developer/Operator and approval by Cabinet of the MSCP Business Case at a future meeting, relevant financial implications will be updated in the Medium-Term Financial Plan, Capital, and Treasury Management Strategies to be consistent with this funding strategy, to form a revised affordability envelope.*
- 4) *To note that Treasury Management Activities are delegated to the S151 Officer and implementation and review of this funding strategy will be undertaken as part of the annual updates to the strategy and checkpoints in respect to this project specifically as part of post project review.*

### **Previous Scrutiny**

22. The previous Committee undertook regular scrutiny of the various reports on the Indoor Arena, as set out in the previous report to this Committee on 11 July 2022, available [here](#).

23. This Committee has undertaken pre-decision scrutiny of the following reports to Cabinet on the Indoor Arena:

- i) July 2022 - the Multi-Storey Car Park, and updates to the Indoor Arena. Following this scrutiny, the Chair, Councillor Wong, wrote a public letter to Councillor Russell Goodway, Cabinet Member – Investment and Development, dated 13 July 2022, setting out the Committee’s comments and observations and a recommendation. Councillor Goodway responded to this recommendation, in a letter dated 15 November 2022. Copies of these letters have been shared with Committee Members.
- ii) March 2023 – the Multi-Storey Car Park, Energy Provision, Infrastructure Review, Council Costs, and overall masterplan. Following this scrutiny, the Chair, Councillor Wong, wrote a public letter and a confidential letter to Councillor Russell Goodway, Cabinet Member – Investment and

Development, both dated 23 March 2023, setting out the Committee's comments and observations. These letters did not require a response. Copies of these letters have been shared with Committee Members and the public letter is available [here](#).

- iii) July 2023 – the draft Development and Funding Agreement, extension of the Pre-Contract Service Agreement, and Council costs. Following this scrutiny, the Chair, Councillor Wong, wrote a public letter and a confidential letter to Councillor Thomas, Leader, setting out the Committee's comments and observations. These letters did not require a response. Copies of these letters have been shared with Committee Members and the public letter is available [here](#).

### **Way Forward**

24. Councillor Huw Thomas (Leader) and Councillor Chris Weaver (Finance, Modernisation and Performance) will be invited to make a statement. Chris Lee (Corporate Director – Resources), Kyle Godfrey (Project Accountant) and Chris Barnett (Operational Manager – Major Projects) will attend to give a presentation and all witnesses will be available to answer Members' questions on the proposals.

25. All Members are reminded of the need to maintain confidentiality regarding the information provided in **Appendices 1 and 2**. Members will be invited to agree the meeting go into closed session to enable discussion of this information.

### **Legal Implications**

26. 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**

27. 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.

### **RECOMMENDATION**

The Committee is recommended to:

- i) Consider the information in this report, its appendices and the information presented at the meeting
- ii) Determine whether they would like to make any comments, observations or recommendations to the Cabinet on this matter in time for its meeting on 23 November 2023, and
- iii) Decide the way forward for any future scrutiny of the issues discussed.

**LEANNE WESTON**

**Interim Deputy Monitoring Officer**

**15 November 2023**

Mae'r dudalen hon yn wag yn fwriadol

**Indoor Arena Funding Strategy**

**INVESTMENT & DEVELOPMENT (CLLR RUSSELL GOODWAY)**

**FINANCE, MODERNISATION & PERFORMANCE (CLLR CHRIS WEAVER)**

**AGENDA ITEM:**

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**PORTFOLIO: INVESTMENT & DEVELOPMENT**

Appendices 1 and 2 of this report are not for publication as they contain exempt information of the description contained in paragraphs 14 and 16 of Part 4 and paragraph 21 of Part 5 of Schedule 12A of the Local Government Act 1972.

**Reason for this Report**

1. To consider the Funding Strategy for the new Indoor Arena project
2. Seek authority to enter into and execute the DFA suite of legal agreements previously approved by Cabinet in July 2023 (subject to approval of funding strategy)

**Background**

3. Delivering a new Indoor Arena remains a key strategic regeneration priority for the Council, supporting a number of Corporate Plan commitments, Council priorities and strategies, including:
  - Attracting more visitors to the city that stay longer.
  - Supporting growth in the local economy and creating jobs
  - Supporting the next phase regeneration of Cardiff Bay
  - Eliminating poverty and promoting equality
  - Promoting culture and creativity
  - Supporting the Cardiff Music Strategy
4. The Arena project will provide a substantial number of new jobs, both through the construction phase, and through its long-term operation. The Arena will be located in close proximity to many of Cardiff's most disadvantaged communities. Through the procurement process to appoint an operator/developer consortium to deliver the new Indoor Arena, the Council has secured a number of local community benefits as outlined in previous Cabinet reports (November 2020).

5. In July 2019, Cabinet gave authority to commence a public procurement process to secure a developer/operator consortium to deliver an Indoor Arena at Atlantic Wharf, Butetown with a minimum capacity of 15,000 as part of a wider regeneration strategy for Cardiff Bay. The Council subsequently launched a competitive tendering exercise in August 2019.
6. In November 2020, Cabinet approved the appointment of the Live Nation consortium as the Preferred Bidder in the procurement process to deliver a new Indoor Arena in Butetown, Cardiff Bay. At the same meeting Cabinet gave authority for the Council to enter into a Pre-Contract Service Agreement (PCSA) which included the under-writing of costs up to an agreed cap to enable the Preferred Bidder to develop detailed designs. Cabinet authority was also provided to progress a Land Strategy to ensure the Council secures full control of all land required to deliver the project.
7. In September 2021, Cabinet approved a Full Business Case for the delivery and operation of a new Indoor Arena and delegated authority to enter into the various legal arrangements.
8. In March 2022, outline planning permission was granted for the Atlantic Wharf site alongside detailed permission for the new Indoor Arena.
9. In March 2023, Cabinet considered a progress report on the Atlantic Wharf regeneration scheme and approved the extension of the Pre-Contract Service Agreement (PCSA) for the Arena, as well as an Interim Business Case for the associated Multi-Storey Car Park.
10. In July 2023, Cabinet approved an extension and variation to the Pre-Contract Service Agreement (PCSA) for the delivery of the new Indoor Arena. At the same meeting Cabinet approved the Development and Funding Agreement (DFA) as well as any further deeds and documents ancillary to the legal documents approved, with entry into the DFA remaining subject to approval of the funding strategy at a future meeting of Cabinet. This report focusses on that proposed Funding Strategy to enable entry into the previously approved DFA suite of legal agreements.
11. The pause in entering the DFA provided the Council with further time to review and agree a financial strategy to mitigate the current interest rate uncertainty. Whilst Treasury Management Activities are delegated to S151 Officer, it is important to bring a specific report on this significant Council project to highlight the proposed approach and principles to manage finance resilience and risk as part of a sustainable budget framework.

## **Issues**

12. As previously reported to Cabinet, inflationary pressures have pushed the cost of the new Indoor Arena from the projected figure of £180m to close to £280m. The Council's financial exposure/liability (established via a financial envelope as part of the original public procurement process) is capped and therefore the Live Nation consortium has had to take full responsibility for these additional costs.



13. The Live Nation consortium has successfully worked to reduce the level of cost increase through a review of the Arena design and reconsideration of site infrastructure requirements. The design has now been developed to RIBA Stage 3, including cost plans, which indicate that the scheme is now within the Live Nation consortium's revised affordability envelope, and importantly without any additional financial contributions from the Council. However, the redesign has caused an unavoidable delay to the programme, with the intention now to commence with an advance works package in early 2024, with the main works starting in Summer 2024, subject to entering into the DFA.
14. Whilst the level of Council funding for the project has remained unchanged, these unavoidable delays in delivery have coincided with a significant increase in the Council's cost of borrowing over the last 12-18 months. This increase in borrowing rates has caused financial challenges as the cost of funding the Arena has increased, reducing the gap between income received by the Council and debt repayments required over the whole term of the Arena lease, and generating cashflow and accounting challenges in managing the Council's short term financial position.
15. As such, the Council deferred a decision from July 2023 to allow sufficient time to work on and agree a suitable funding strategy that will help manage the Council's short-term position, whilst allowing a longer-term strategy to be entered into when interest rates become more favourable. Details of the Council's revised funding strategy are set out within this report, as well as in more detail within **Confidential Appendix 2**.

#### LINK Report Summary

16. The Council's Treasury Advisors (LINK) have produced a report which is attached at Confidential Appendix. This report sets out:
  - **Economic & Interest Rate Outlook** - Link Group analysis on current economic conditions, including a forecast on interest rates between now and December 2026.
  - **Authority's Current Capital Financing Requirement**
  - **Borrowing Policy and Options Available** (including pros and cons of each mechanism for borrowing). Proposed Funding Strategy focuses on best options identified within this section of LINK report.
  - **Accounting and Statutory Issues to Consider** – This includes options re capitalisation of interest and timing of application of MRP (Minimum Revenue Provision) to revenue budgets.
  - **Financial Modelling of Scenarios** (before any Council mitigations are considered).

Note that the LINK report attached at **Confidential Appendix 1** focusses on financial scenarios prior to any Council mitigations being applied. **Confidential Appendix 2** then translates this into what the LINK report means for the Council, looks at any additional budget requirements as well as detailing further mitigating measures to enable delivery of the Arena in a sustainable and affordable manner.

#### Economic & Interest Rate Outlook

17. LINK Group analysis indicates that whilst Bank of England and PWLB rates may be high at the moment, they are likely at, or very close to, their peak. This is based on the interest rate forecast and projection for gilt yields over the coming years on forecasts from LINK, Capital Economics, and a general market consensus from Bloomberg. The clear trajectory from LINK rate forecasts seems to be an expectation rates will follow a downward trend over the coming months / years, with report attached at **Confidential Appendix 1** stating:

*“Both Capital Economics and Link forecast gilt yields to fall in the years ahead as inflation is forecast to come down meaning gilt yields will follow the path down in rates. Capital Economics forecast the 25-year Public Works Loan Board (PWLB) rate to be 4.10% ending March 2026 (latest forecast point) and Link forecast it to be 3.8% ending December 2026 (at time of report in October 2023 PWLB rates are circa 5.5%). Historical data from the PWLB shows the 25-year PWLB rate has averaged c3.9% since 1994 to 2023 which is very close to the Capital Economics and Link forecast over the next few years. Naturally, there is upside risks to the forecast in the near term, especially if inflation does not come down meaning Bank Rate is left higher than anticipated, leading to higher near-term gilt yields and in turn PWLB rates.”*

18. For this reason, whilst locking in to long-term borrowing at the same time as signing the DFA brings some benefit to the Council in terms of greater financial certainty (Council fixes borrowing costs at same time as locking in Arena income by signing DFA), based on the available market evidence it no longer seems a logical choice for the Council to lock into a fixed rate of interest for the significant long-term borrowing required to deliver the Arena when current market analysis strongly indicates that interest rates are currently at or near their peak.
19. Whilst entering into the Arena DFA without a fixed cost of borrowing does represent a risk to the Council as interest rates are unlikely to exactly follow the LINK forecasted rates set out in **Confidential Appendix 1**, and could move at faster or slower pace, or even not follow a downward trajectory at all, this is deemed to be a calculated risk as it is widely accepted based on current market analysis that interest rates are likely to fall in the medium term (2-3 years).

#### Proposed Funding Strategy

20. The current economic environment remains uncertain and therefore risk mitigation measures are essential for any funding strategy the Council puts in place. At current interest rate levels, the current financial model forecasts remain a risk, particularly if interest rates continue to stay higher for longer than market experts are currently forecasting, so mitigations are essential. There will always be economic uncertainty on key variables such as inflation over the term of the project (46 years) but prudence, affordability and sustainability requires Council to ensure these risks are identified and managed at the start of the project, rather than many years in the future, and that is what the Council's financial strategy, and the key principles laid out within this report, is seeking to achieve.
21. The proposed funding strategy is to focus on temporary borrowing arrangements during the three year construction phase of the Arena whilst the Council continues to

monitor the interest rate market, with a view to entering into a more long-term borrowing arrangement at a fixed interest rate either a) once Arena is open and operational, or b) at such a time when the s151 officer, in their professional judgement, and after considering the latest treasury management advice, concludes entering into long-term funding arrangements is most appropriate and affordable for the Council.

22. This strategy is different to previous options considered in that it would mean the Council carrying interest rate risk after signing the Arena DFA. However, a balance is required between certainty of rates and affordability if the Arena Affordability Envelope is to be met.
23. This long-term strategy for managing the interest rate risk prior to entering the DFA offers a potentially affordable pathway for delivery of the Arena. However, clearly there remain risks associated with this financial strategy, as with delivery of any project of this complexity and magnitude. For these reasons it is important that contingencies are identified within budgets or earmarked reserves that can be utilised if required to deal with any potential deviations from the forecasted business case e.g., if interest rates do not fall as expected in coming years.

#### Key Principles

24. The proposed funding strategy is based on a number of key principles. These are:
  1. **Borrowing Profile** - Temporary Borrowing throughout Construction Period (3 years), with a view to entering into a more long-term borrowing arrangement at fixed interest rate either once Arena is operational (year 4 onwards), or at such a time when the s151 officer, in their professional judgement, and after considering the latest treasury management advice, concludes entering into long-term funding arrangements is appropriate and affordable for the Council.
  2. **Review/Amend Accounting Policies** – Consider reviewing and amending Council accounting policies to enable Capitalisation of Interest for significant Major Projects such as Indoor Arena, as well as allowing for a Minimum Revenue Provision (MRP) holiday for this project. This will assist the Council in matching costs to income and make delivery of the Arena more affordable and sustainable.
  3. **Reduce Debt Burden Early** - Utilise specific earmarked reserves and MTFP budgets allocated for the Arena to reduce the debt burden as far as possible in early years, particularly during construction periods where interest is being capitalised. This will need to be balanced against retention of budgets/reserves for financial resilience purposes.
  4. **Risk Mitigation** – Be proactive in taking risk mitigation measures to improve financial resilience of the Council and continue to manage the affordability risk.
  5. **Milestone reviews** – Commit to undertaking gateway reviews in respect of Arena funding annually, or at appropriate milestones, particularly in the early years until the financing model becomes smoother and risks are sufficiently

reduced. This will also help to identify whether any further mitigating actions are required.

### MTFP Budgets

25. A base budget provision of £1.5m is already in place to fund the annual revenue costs of borrowing associated with the Indoor Arena, with increases already factored into the Council's Medium Term Financial Plan (MTFP) for this to increase in the short-term to £2.9m during the construction phase and early years of the project (to cover initial debt repayments and interest costs). This base budget will be retained in the medium-term to assist in smoothing cashflows in the early years of the project, with the Council expected to need to incur additional costs in the short-medium term to deliver the Arena and unlock associated benefits in the longer term, both financial and non-financial. Intention is this base budget will be removed or reallocated when Arena costs and income equalise in medium-term. Whilst these budgets assist the Council in dealing with short-medium term cashflow issues, in the long-term the Arena is forecasted to be self-financing.

### Council Capital Contribution to Arena

26. The Council originally budgeted £30m as the Council contribution towards the cost of delivering a new Indoor Arena. However, as set out within the November 2020 Cabinet report, and the Arena Full Business Case approved by Cabinet in September 2021, the maximum level of capital contribution required was fixed as part of the bidders' final tender submissions and was less than the original £30m budget. This capital contribution is included within the Capital Strategy approved by Cabinet in February 2023 and Full Council in March 2023 and is due to be funded by a mixture of capital receipts and borrowing.

### Council Funding (Self-Financing)

27. In addition, an allowance has already been included within the Capital Strategy approved by Cabinet in February 2023 and Full Council in March 2023 to enable the Council to 'Direct Fund' the Arena construction on a self-financing basis. This will take the form of direct borrowing funded by the annual lease income from the Arena Operator and backed by a parent company guarantee. Similarly, the approved Capital Strategy also makes provision for Arena enabling works (including land assembly and Multi Storey Car Park) to be self-funded by income generated by the Multi Storey Car Park.

### Arena Financial Model

28. LINK forecast for 25-year PWLB certainty rate (the rate at which the Council can borrow) is for it to be circa 5.1% by June 2024 (the point at which Council is likely to reach financial close on Arena). On this basis, prudent modelling has been done assuming a 5.5% interest rate for temporary borrowing in first year after financial close until end of construction period (3 years), with similarly prudent rates applied in years two and three of the financial model. Over the next 24 months though the trajectory is for rates to fall, with a forecast PWLB rate of circa 3.8% in June 2026. For the purposes of financial modelling, this is the long-term fixed rate of borrowing that has been

assumed the Council will lock in to for business case purposes (albeit will be monitored and reviewed by the s151 officer throughout the period).

29. There are a number of key assumptions within the model. These are set out in detail in **Confidential Appendix 2**, along with a detailed set of forecasted outcomes. Based on these assumptions, and the likely profiles of spend, borrowing and income, the financial model forecasts the Arena will be self-financing over the term of the 46-year contract. However, in order to achieve long-term financial benefits, the financial model forecasts there will be a need for short-term additional funding requirements on top of the existing planned MTFP budgets, expected to be circa 4 years. This forecasted short-term additional funding requirement can likely be funded from within existing earmarked reserves.

### Key Risks

30. The three key risks identified within the model are set out below, along with a series of potential mitigation measures:
1. **Interest Rate Risk (Costs)**– An inherent risk is the level of interest rate the Council borrows at to fund the Indoor Arena, and therefore the annual repayment costs of such borrowing to the Council. All borrowing costs are intended to be self-financing in the long-term from Arena Operator Rental income, and in the financial model forecast this materialises with a surplus for the Council anticipated at end of the 46-year contract. However, there remains a risk that if interest rates remain higher for longer this will negatively affect that outcome. Several mitigating measures are proposed within this report and appendices to minimise the risk to the Council. Also, in the early years of the Arena contract when borrowing costs are at their highest and Operator Income is at its lowest (Arena Rental rises annually with RPI, whereas borrowing costs don't), there is anticipated to be some short-term funding requirements for the Council to meet (where costs are higher than income). This is projected to be only a short-term issue, and mitigating measures are proposed within **Confidential Appendix 2** (*pay down debt early, use reserves and MTFP budgets to meet any shortfalls etc*) to manage these expected short-term cashflow shortfalls.
  2. **RPI Risks (Income)** – The income the Council receives from Arena Operator as rent will increase annually by between 1% and 4% (collar and cap) based Retail Prices Index (RPI) throughout the long-term contract. The Arena base financial model assumes RPI will be 2.5% flat throughout 46-year contract, and therefore that is what it is assumed annual income will rise by each year. Whilst in reality RPI will differ each year, it is felt that an average increase of 2.5% annually over a 46-year period is a prudent assumption. For context, only 4 years in past 20 has RPI been below 2.5%, with majority of years either equal to or substantially higher than 2.5% RPI. If RPI is lower than 1% in any given year, then 1% increase will apply (RPI floor). Similarly, if RPI is higher than 4% in any given year a maximum 4% increase will apply (ceiling) to Arena rental income.

3. **Multi Storey Car Park (MSCP) Income Risk**– The MSCP business case is not due to be presented to Cabinet for consideration until early 2024, so there remains a level of uncertainty regarding levels of income to be generated here. Working assumptions include that the Council will manage the MSCP and retain all net income, whilst current financial model assumes a build-up of demand for parking in Atlantic Wharf over the first 7 – 10 years of operation. This is linked to Arena opening, but also the potential future development and regeneration of Atlantic Wharf which would generate increasing demand for car parking. Whilst some prudent assumptions have been made in forecasting net income, a key risk remains that if the proposed Atlantic Wharf development doesn't materialise, or does materialise but at a much slower pace (takes more than 7 years) than currently proposed or anticipated, this could cause some lag in forecasted net income numbers, or in a worst case scenario never reach the income estimates that are currently included in the financial model. These decisions on Atlantic Wharf haven't been made yet, so remain a key risk to overall financial model and business case. A business case for the MSCP and the next steps for Atlantic Wharf redevelopment is due to be presented to Cabinet in the coming months. However, at present, there is a gap in robustness for the MSCP income assumptions included within the current financial model as Council do not currently have sufficient information or decisions to reliably estimate what this will be.

31. For these reasons, the Council cannot be over reliant on the current financial model forecast materialising and will need to put mitigating actions in place in case there is deviation from this scenario. Potential mitigations need to be identified and reviewed, and steps should be taken in the short term by the Council to mitigate some of risks identified. Potential mitigations could include, but are not limited to:

- Generating additional capital receipts to further pay down debt and continue to de-risk financially, which in turn will reduce annual costs of debt that need to be met from Council's revenue resources.
- Identify additional sources of revenue income within Atlantic Wharf
- Take opportunities to pay down Arena, MSCP and enabling works debts wherever possible, albeit striking a balance between reducing debt as early as possible and retaining some financial resilience within reserves to meet future unexpected pressures or demands.
- Review and update Council's accounting policies to enable capitalisation of Interest and MRP holiday in specific circumstances such as a significant major project such as the Arena. This will assist the Council in matching costs to income annually to make delivery of the Arena more affordable and sustainable.

32. In making a proactive decision to approve the funding strategy and deliver the Indoor Arena, Cabinet is prioritising investment and borrowing in the Arena. This could have wider implications such as needing to constrain future borrowing or further Council investment that results in additional risk exposure on other Major Projects in the medium term (excluding where prior agreement has been given). It is therefore recommended the Council move towards more developer led solutions for Major Projects that do not rely on the Council increasing its levels of borrowing or risk exposure further until Council has greater certainty of affordability and sustainability of Arena/MSCP costs and income proposals.

33. Whilst there remain risks, particularly in relation to relative uncertainties associated with wider Atlantic Wharf developments and knock on effect this could have on MSCP income streams, it is critical to note that the majority of the Council's initial investment is being used to support Arena construction which represents circa 80% of the overall Council investment. This element is supported by a long term, highly rated income stream (including a parent company guarantee) that will pay back this element of the investment, so should give greater confidence in relation to the overall funding strategy. The majority of funding risk is in relation to enabling works and the MSCP development and income streams, which represents a lesser proportion of overall Council investment (circa 20%).
34. If the financial model forecasts materialise, the financial implications of the project can be managed within the existing allocated Capital budgets and MTFP allocations already set within the budget. Any forecasted short-term additional funding requirements can be funded from within existing earmarked reserves and repaid from later surpluses with no additional MTFP budget allocations expected to be required. However, for prudence, a contingency budget has been identified within earmarked reserves that can be utilised as required if/when key risks materialise e.g., interest rates do not fall in coming years. If these risks do not materialise, these provisions are able to be released back into reserves for other purposes. Further details of such contingency plans are set out within **Confidential Appendix 2**.

#### Cost of Not Progressing with Arena Delivery

35. The costs of delivering the Arena are set out within the body of the report above, as well as within **Confidential Appendix 2** of this report. However, if the Council opted at this stage not to proceed with funding and delivery of the Arena, there are costs associated with that too.

#### Direct Costs of Not Proceeding with Arena

36. If a decision was taken not to sign the DFA and proceed with delivery of Arena, for affordability or any other reason, this is likely to result in direct abortive costs being charged back to revenue. Estimated Abortive Costs are set out within **Confidential Appendix 2** and include:
- **Arena PCSA Underwrite** – This is a penalty clause within the Pre-Contract Services Agreement the Council has signed with Developer/Operator and would become payable if the Council opted not to proceed with arena for any reason, but the Developer/Operator wished to continue. This cost would be to reimburse Developer/Operator for their costs to date, up to the pre-agreed cap, including Detailed design work on Arena, submission of Planning Permission etc. This would become an immediate abortive cost to the Council.
  - **MSCP PCSA Underwrite** – Similar to above, this is a penalty clause within Pre-Contract Services Agreement the Council has signed with Contractor appointed for Multi Storey Car Park delivery if the Council decided not to proceed with construction for any reason, but the contractor wished to continue. This would become an immediate abortive cost to the Council.

- **Council Enabling Works** - In addition, the Council has already incurred/committed costs in progressing to this point of delivery for Arena. These enabling works costs includes land assembly, release of covenants on County Hall site, professional fees, surveys etc. Whilst some of this could be deemed to remain a relevant asset e.g., land acquisitions, a significant proportion would likely become abortive and result in an abortive cost needing to be charged to revenue budgets in-year.

## Programme and Next Steps

37. Subject to Cabinet approval of the funding strategy, the next stage of the process is to enter into the Development and Funding Agreement (DFA) with Live Nation consortium with a view to achieving Financial Close, and the Arena delivery contract becoming unconditional. Financial Close can only be achieved once RIBA Stage 4 is completed and a contractor is procured providing a final price. Financial Close is anticipated to occur in Summer 2024, with enabling works starting earlier in January 2024.
38. The indicative programme is set out below:
- December 2023 - Sign DFA (conditional)
  - January 2024 - Commencement of Enabling Works
  - May/June 2024 - Financial Close (signing of Lease unconditional)
  - June 2024 - Main Arena Construction Works to start.
  - Late 2026 - Arena Opening

## Reason for Recommendation

39. To confirm entry into Development & Funding Agreement and associated suite of legal documents with Live Nation Consortium for delivery of the Indoor Arena

## Financial Implications

40. The report sets out a revised funding strategy for enabling the Arena development, the first phase of the overall Atlantic Wharf Master Plan. The report includes detail on the approach to borrowing funds from different sources, interest payable on this borrowing. This borrowing is a consequence of Council's decision to undertake capital expenditure toward the project.
41. Various Cabinet reports are referred to where financial implications of undertaking that capital expenditure have been provided as part of business cases considered by Cabinet in the development of the project. That capital expenditure relates to: -
- £138.1 million of direct funding towards the arena construction of the indoor arena in exchange for an index linked lease income deemed a strong covenant. Whilst Council is providing up-front funding here, repayment of borrowing is funded by



Arena Operator via annual lease payments to Council over course of 46-year contract.

- £27.3 million Council contribution to the Arena development, assumed to be paid for from earmarked capital receipts and Council borrowing.
- £46.0 million enabling works including a new Multi-Storey Car park assumed to be self-funding from parking income.

42. In respect to the Multi Storey Car Park, its dependencies on income from the existing and further phases of the Atlantic Wharf Master Plan have not been considered by Cabinet at this stage. The financial strategy proposed here therefore includes assumptions and so represents a risk to be monitored closely. If following consideration of the Multi Storey Car Park business case, it highlights the need for and implementation of any additional mitigations, these should be included as updates to this funding strategy and included in budget proposals.

43. The sums above are included in the capital strategy and investment programme approved by Full Council in March 2023 and will need to be updated with any changes arising from revisions to the funding strategy including additional borrowing to meet interest costs.

44. The detailed financial modelling in **Confidential Appendix 2** and interpretation of this modelling sets out a base case scenario. This sets out the Capital Expenditure, revenue budget impacts, the treasury management and financial policy implications to determine whether the capital investment proposed in the business cases is affordable, prudent, and sustainable. This indicates that over the period of 46 years this is achievable, albeit there are key risks that need to be managed and mitigated. This is an extremely long period of time and Cabinet are referred to the following in considering the approach recommended in this report:

- The overall financial investment / asset on completion of the first phase, enabling future investment in the City.
- The risk of abortive costs in the event of not proceeding
- The recommended approach to temporary borrowing in the short term and fixing any borrowing on the expectation that interest rates will fall based on current external treasury management advice. Whilst entering into the Arena DFA without a fixed cost of borrowing does represent a risk to the Council as interest rates are unlikely to exactly follow the LINK forecasted rates set out in **Confidential Appendix 1**, and could move at faster or slower pace, or even not follow a downward trajectory at all, this is deemed to be a calculated risk as it is widely accepted based on current market analysis that interest rates are likely fall in the medium term (2-3 years).
- The key risks identified in the report and **Confidential Appendix 2**, namely, Interest Rate, Retail Price Index uplift of income and Multi Story Car Park income.
- The requirement to make prudent provision for repayment of any capital expenditure incurred over a prudent period of time in line with its agreed Policy.
- The change in approach to capitalising interest to better match income and expenditure
- The Council's Borrowing Strategy aims to meet the long-term aims of promoting revenue cost stability to aid financial planning and avoid a stop-start approach

to service delivery, although it is recognised that this may have a financial impact.

- The need for financial mitigations to ensure that long-term borrowing commitments remain affordable now as well as in the medium to long term, to minimise financial resilience risk.

45. The report sets out a number of financial resilience risk mitigations, some of which are clearly identified and others which are items to consider with no data on the achievability or deliverability of such mitigations. Where these mitigations are detailed, these involve: -
- Using the existing and planned revenue budgets in future years of £2.9m towards reducing the level of capital expenditure to be paid for by borrowing, including the decision to capitalise interest.
  - In addition, use in 2024/25 of the current Central Enterprise Zone Reserve towards reducing the level of capital expenditure to be paid for by borrowing.
  - Re-purposing part of the Treasury Management Earmarked Reserve as a contingency to variations in the financial model forecasts on an ongoing basis.
46. Where the mitigations are not clearly identified or developed, this should be logged as part of any project risk register as mitigations and continue to be reviewed with reporting on outcomes included in project management updates.
47. In the event these contingency measures are not implemented prior to any agreed checkpoints identified, there is a financial risk to the approach set out in the funding strategy. Where deviations to the mitigations set out in the funding strategy are made, these should be clearly set out with risk and financial implications impact considered over the whole term of the project. The report does not set out whom, where and how often the funding strategy performance and progress on the project would be reported. This is essential to ensure consistency as part of the Council's process for budget monitoring and best practices approaches to post project review.
48. The report identifies an accounting policy change to capitalise interest on qualifying assets. This is consistent with approaches in other authorities and the approach has been agreed with Audit Wales. This would allow this, and future transformative projects undertaken by the Council to proceed particularly where there is a significant period of time between construction and operation of the assets. It should be noted that this is not a blanket approach across all capital schemes. The estimated level of interest to be capitalised is £15.5 million over the construction period. This will result in an increase in the capital expenditure investment programme, in addition to that already approved, with mitigations in the short-term aiming to reduce the amount to be spread over future years in order to minimise financial risk. This will need to be updated as part of the budget proposals for 2024/25.
49. Implementation of the funding strategy and associated Treasury Management activities are delegated to the Council's S151 Officer with periodic reports to full Council at the start of the year, mid-year, and end of the year. In the short term, it is proposed specific loans may be ringfenced to the project to allow monitoring and reporting for this specific project. In medium term as loans are then fixed following completion of the construction period, to then consider alignment with the Council's

overall Treasury Management Strategy where loans are not generally taken for specific purposes, but to pay for the capital programme as a whole. This will be subject to ongoing review with relevant Treasury Management advice and delegation to S151 Officer in respect to Treasury Management activities.

50. It should be noted that this project and funding strategy is only part of the overall capital programme and cause of the projected increase in the Capital Financing Requirement to be paid for by borrowing over the next few years. The risks re interest rates and future levels of borrowing and affordability apply to the whole capital investment programme, including housing and investment to improve other assets. The Capital Programme and affordability of the Capital Programme is assessed annually as part of the update of the Capital Strategy and relevant medium term financial plans of the HRA and General Fund. This also includes a statement from the S151 Officer in respect to affordability, prudence and sustainability of the Capital programme having regard to the revenue budget forecasts and certainty of income in respect to schemes proposed such as this project.
51. Whilst there is certainty of income in respect to the majority of proposals in this funding strategy which suggest that the project is affordable over a 46-year period, it is also unclear what further commitments further phases of the Atlantic Wharf Master Plan and other major projects will have on the Council's own borrowing requirement. In an uncertain economic environment, the strategy proposed does create a financial resilience risk if not mitigated as planned. This will need to be managed closely and consideration be given in the update of the Capital Strategy to limiting further major projects expenditure by the Council and working with partners to deliver further phases, after Council involvement in enabling activities. To do otherwise without certainty following completion of this funding strategy is a significant risk to the affordability, prudence and sustainability of additional borrowing given the council's existing and emerging capital expenditure pressures.
52. Other significant major projects that the Council is aiming to implement which will need to interlink with the Arena project include Cardiff Crossrail, the Heat Network, the long-term future of the County Hall building, and the potential redevelopment of the Red Dragon Centre which was acquired as an investment. The interlinkages between new Arena and these projects needs to be clear to ensure no financial commitments or liabilities are being entered into by the Council as part of the implementation of Phase 1 and the funding strategy proposed in this report.
53. Whilst the funding strategy is identified for the three main cost areas identified above, the report does not identify any additional costs to the Council, whether revenue or Capital during the implementation of the construction phase; nor in any wider activities to integrate the effective operation of the asset once constructed. In the absence of these not being raised or identified in previous approved business cases, it is assumed that there are no such additional costs to the Council for Phase 1.

## **Legal Implications**

54. Cabinet resolved at a meeting on July 13<sup>th</sup> 2023 to approve the final terms of the DFA, subject to approval of a funding strategy, which is referred to in the background papers

to this report. As such, this report sets out the Council's proposed funding strategy for the arena project to assist in managing the financial risks of the project in the short and long term. It would be prudent for the decision makers to have regard to the financial risks set out in this report and its appendices prior to entering into DFA.

55. Further external legal advice has been obtained and appended to the report within **Confidential Appendix 2** as an update on previously provided subsidy advice due to the enactment of the Subsidy Control Act 2022.

#### Equalities & Welsh Language

56. In considering this matter the decision maker must have regard to the Council's duties under the Equality Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must, in making decisions, have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are: (a) Age, (b) Gender reassignment (c) Sex (d) Race – including ethnic or national origin, colour or nationality, (e) Disability, (f) Pregnancy and maternity, (g) Marriage and civil partnership, (h) Sexual orientation (i) Religion or belief – including lack of belief.
57. When taking strategic decisions, the Council also has a statutory duty to have due regard to the need to reduce inequalities of outcome resulting from socio-economic disadvantage ('the Socio-Economic Duty' imposed under section 1 of the Equality Act 2010). In considering this, the Council must take into account the statutory guidance issued by the Welsh Ministers (WG42004 A More Equal Wales The Socio-economic Duty Equality Act 2010 (gov.wales) and must be able to demonstrate how it has discharged its duty.
58. An Equalities Impact Assessment aims to identify the equalities implications of the proposed decision, including inequalities arising from socio-economic disadvantage, and due regard should be given to the outcomes of a Equalities Impact Assessment, where applicable.
59. The decision maker should be mindful of the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards.

#### The Well-being of Future Generations (Wales) Act 2015

60. The Well-Being of Future Generations (Wales) Act 2015 ('the Act') places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible. In discharging its duties under the Act, the Council has set and published well being objectives designed to maximise its contribution to achieving the national well being goals. The wellbeing objectives are set out in Cardiff's Corporate Plan 2020 -23.
61. When exercising its functions, the Council is required to take all reasonable steps to meet its wellbeing objectives. This means that the decision makers should consider how the proposed decision will contribute towards meeting the wellbeing objectives

and must be satisfied that all reasonable steps have been taken to meet those objectives.

62. The wellbeing duty also requires the Council to act in accordance with a 'sustainable development principle'. This principle requires the Council to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:
- Look to the long term
  - Focus on prevention by understanding the root causes of problems
  - Deliver an integrated approach to achieving the 7 national well-being goals
  - Work in collaboration with others to find shared sustainable solutions
  - Involve people from all sections of the community in the decisions which affect them
63. The decision maker must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible online using the link below: <http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

### **Property Implications**

64. The Council have assembled various parcels of land and assets as part of the enabling works referred to in the report. Whilst the assets are currently being managed as vacant land and property, there is a cost to holding vacant assets and whilst due diligence is required to review the funding strategy, any further delays in signing the DFA will only add to practical pressures of managing vacant assets.
65. The report refers in paragraph 31 to the consideration for mitigation in respect of the current financial modelling which includes the generation of capital receipts and income potential from the wider Atlantic Wharf area. The existing assets within the wider area are currently managed and leased to the maximum potential given the current planning and masterplan status offering flexibility for vacant possession or held strategically and vacant for immediate access. The assets have been acquired and managed with a view to providing the Major Project team with as much flexibility as possible whilst retaining an income stream and minimising holding costs to the Council.
66. The work on the business case for the MSCP is currently ongoing and the Estates team will assist and offer any professional advice required a part of any future procurement or marketing of the opportunity for management in order to secure the most robust operating model to capture the income required.

### **RECOMMENDATION**

Cabinet is recommended to:

- 1) Approve the Indoor Arena Funding Strategy as set out within this report and in more detail at **Confidential Appendix 2**.
- 2) Authorise entry into and execution of the Development and Funding Agreement (DFA) previously approved by Cabinet in July 2023, and in so doing approve any amendments to the legal documentation as may be necessary, for reasons including but not limited to ensuring consistency between them and finalising any outstanding areas of further deeds and documents which are ancillary to the legal documents approved, subject to consultation with S151 Officer and Legal Officers.
- 3) To note that, subject to entering in to a DFA with the Arena Developer/Operator and approval by Cabinet of the MSCP Business Case at a future meeting, relevant financial implications will be updated in the Medium-Term Financial Plan, Capital, and Treasury Management Strategies to be consistent with this funding strategy, to form a revised affordability envelope.
- 4) To note that Treasury Management Activities are delegated to the S151 Officer and implementation and review of this funding strategy will be undertaken as part of the annual updates to the strategy and checkpoints in respect to this project specifically as part of post project review.

<b>SENIOR RESPONSIBLE OFFICER</b>	<b>Chris Lee</b> <b>Corporate Director Resources &amp; Neil Hanratty</b> <b>Director of Economic Development</b>
	<b>Date</b>

*The following appendices are attached:*

**Appendices**

**Confidential Appendix 1** – Report & Financial Modelling by Council Treasury Advisors (LINK)

**Confidential Appendix 2** – Council Funding Strategy

**Background Papers**

Atlantic Wharf Update – July 2023 Cabinet Meeting

Yn rhinwedd paragraff (au) 14, 16, 21 Rhan (nau) 4 a 5 o Atodlen 12A  
o Ddeddf Llywodraeth Leol 1972.

Mae'r ddogfen yn gyfyngedig

Mae'r dudalen hon yn wag yn fwriadol



Yn rhinwedd paragraff (au) 14, 16, 21 Rhan (nau) 4 a 5 o Atodlen 12A  
o Ddeddf Llywodraeth Leol 1972.

Mae'r ddogfen yn gyfyngedig

Mae'r dudalen hon yn wag yn fwriadol

**CYNGOR CAERDYDD  
CARDIFF COUNCIL**

**ECONOMY & CULTURE SCRUTINY COMMITTEE**

**21 November 2023**

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**WORK PROGRAMME: UPDATE**

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**Background**

1. This report provides Members with:
  - i. an opportunity to discuss the Committee's updated Work Programme 2023/24; and
  - ii. an opportunity for Members to discuss the Committee's Forward Work Plan January – April 2024.

**Updated Work Programme**

2. At the Committee meeting on 11 July 2023, Members approved the items to include in their work programme for the 2023/24 municipal year. This included items at Committee and task group inquiries. The approved work programme was circulated to all Committee Members, Cabinet Members and senior management.
3. Attached at **Appendix A** is the latest version of the Committee's work programme, that shows:
  - i. the items considered at Committee meetings to date
  - ii. the Replacement Local Development Plan Inquiry is underway
  - iii. items from the approved work programme that have changed timing (*shown in green*)
  - iv. new items that have emerged since the approved work programme, which Committee has agreed to scrutinise (*shown in red*)
  - v. items that no longer require scrutiny at this stage (*shown in blue*).

## Committee Forward Plan

4. As part of the Council's response to the Wales Audit Office report '*Overview and Scrutiny - Fit for the Future?*' (July 2018), the Head of Democratic Services has introduced publication of the Committee's "Forward Work Plan" (FWP) on the Council's website.<sup>1</sup>
5. The next published FWP will cover the period January 2024 – April 2024. At this meeting, Members are asked to agree for this to be published, subject to any amendments agreed at this meeting.

## Way Forward

11. During their meeting, Members will have the opportunity to discuss the information provided in **Appendix A** and agree whether any amendments are required.

## Legal Implications

12. 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.

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<sup>1</sup> Available at: [Economy and Culture Scrutiny Committee \(cardiff.gov.uk\)](https://www.cardiff.gov.uk/economy-and-culture/scrutiny-committee)

## **Financial Implications**

13. 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**

The Committee is recommended to:

- I. Note the updated Work Programme attached at **Appendix A** and agree any amendments required; and
- II. Agree the publication of the Committee Forward Work Plan January 2024-April 2024 on the Council's website, subject to any amendments agreed at this meeting.

**Leanne Weston**  
**Interim Deputy Monitoring Officer**  
**15 November 2023**

Mae'r dudalen hon yn wag yn fwriadol

COMMITTEE MEETINGS	20-Jun-23	11-Jul-23	19-Sep-23	17/10/2023 cancelled	24-Oct-23 special	21-Nov-23	12-Dec-23	16-Jan-24	27-Feb-24	19-Mar-24	23-Apr-24	14-May-24	
Pre-Decision/ Policy Development / Policy Review/ Monitoring	Pentwyn Leisure Centre	St David's Hall	Cabinet Response: Post Pandemic Economic Recovery		St. David's Hall Update	City Centre Recovery	ISV	Museum of Cardiff	Budget Proposals	Culture Strategy	GLL Annual Review	Levelling Up, SPF, Community Renewal Fund	
	Tennis in Parks	Atlantic Wharf Masterplan	Shared Prosperity Fund				City Centre Management	Shared Regulatory Services	Cabinet Response: Museum of Cardiff	Corporate Plan	Cabinet Response: Culture Inquiry	Events & Tourism Strategy	National Park City
		ISV Update	Cardiff Market				City Deal & Western Gateway		Cardiff Harbour Authority		Skatepark Strategy	Employment Services	Employment Services
							Indoor Arena		Atlantic Wharf				Coed Caerdydd & Planting Trees
Committee Business items	Work Programme	Work Programme	CCRCD Update			Work Programme	RLDP T&F Inquiry Report				Annual Report E&C contribution	Annual Report Overall	
	T&F Terms of Reference	Museum T&F Inquiry Report					CCRCD Update			CCRCD Update			
	Correspondence	Correspondence	Correspondence			Correspondence	Correspondence	Correspondence	Correspondence	Correspondence	Correspondence	Correspondence	
OUTSIDE COMMITTEE MEETINGS	June	July	Sept	Oct	Oct	Nov	Dec	Jan	Feb	March	April	May	
Committee Improvement Inquiries	Museum of Cardiff Task & Finish Group		RLDP Task and Finish Group										
Monitoring reports outside Committee		Outturn budget monitoring	Month 4 budget monitoring				Month 6 budget monitoring	Welsh Library Standards	Month 9 budget monitoring				
		Year-End Performance Self Assessment						Mid-Year Performance Self Assessment					
Briefing reports outside Committee							Llanrumney Bridge						

Policy Development	Inquiry
Policy Review	Briefing
Pre-Decision Scrutiny	Short Scrutiny
Monitoring Scrutiny	

Timing to be confirmed
International Music Festival
Roath Park Dam
Flatholm

No longer requiring scrutiny
Cardiff Riding School

Tuddean 051

Mae'r dudalen hon yn wag yn fwriadol



**CYNGOR CAERDYDD  
CARDIFF COUNCIL****ECONOMY & CULTURE SCRUTINY COMMITTEE****21 NOVEMBER 2023**

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**CORRESPONDENCE UPDATE**

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**Background**

1. Following most Committee meetings, the Chair writes a letter to the relevant Cabinet Member or officer, summing up the Committee's comments and recommendations regarding the issues considered. At the Committee meeting on 19 September 2023, Members received a report detailing the correspondence sent and received up to that meeting.
  
2. Correspondence has been sent since that meeting and the current position is set out below:
  - i. **Response Received** – from Councillor Thomas, Leader, to the Chair, Councillor Wong's public letter, following scrutiny of the Cabinet Response to the Committee's Inquiry '*Shaping Cardiff's Post Pandemic Economic Recovery*', considered at Committee on 19 September 2023.
  - ii. **Response Received** – from Councillor Thomas, Leader, to the Chair, Councillor Wong's public letter, following pre-decision scrutiny of the report to Cabinet – Cardiff Market Restoration, considered at Committee on 19 September 2023.
  - iii. **Response Received** – from Councillor Thomas, Leader, to the Chair, Councillor Wong's confidential letter, following pre-decision scrutiny of the report to Cabinet – Cardiff Market Restoration, considered at Committee on 19 September 2023.
  - iv. **No Response Required<sup>1</sup>** – from Councillor Thomas, Leader, to the Chair, Councillor Wong's public letter, following scrutiny of proposals

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<sup>1</sup> Full Council on 21 September 2023 considered this item, and the recommendations contained in the Chair's letter were included on the amendment sheet and Cllr Thomas, Leader, stated they had been agreed.

relating to scrutiny of the South East Wales Corporate Joint Committee, considered at Committee on 19 September 2023.

- v. **Response Received** – from Councillor Thomas, Leader, to the Chair, Councillor Wong’s public letter, following pre-decision scrutiny of the report to Cabinet – Shared Prosperity Fund, considered at Committee on 19 September 2023.
- vi. **Response Received** - from Councillor Burke, Cabinet Member - Culture, Parks and Events, to the Chair, Councillor Wong’s public letter, following pre-decision scrutiny of the report to Cabinet titled St David’s Hall Update, considered at Committee on 24 October 2023
- vii. **Response Received** – from Councillor Burke, Cabinet Member - Culture, Parks and Events, to the Chair, Councillor Wong’s confidential letter, following pre-decision scrutiny of the report to Cabinet titled St David’s Hall Update, considered at Committee on 24 October 2023.

3. There are no responses outstanding. Copies of the Chair’s letters and any public responses received can be found on the Council’s website page for the relevant Committee meeting, with a hyperlink provided at the top of the page, entitled ‘*correspondence following the committee meeting*’. Confidential letters have been circulated to Committee Members.

### **Way Forward**

4. During the meeting, Members are able to discuss the correspondence update

### **Legal Implications**

5. 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**

6. 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.

### **RECOMMENDATION**

The Committee is recommended to reflect on the update on correspondence.

**Leanne Weston**  
**Interim Deputy Monitoring Officer**  
**15 November 2023**

Mae'r dudalen hon yn wag yn fwriadol