



Date: 13 May 2019

Councillor Peter Bradbury
Cabinet Member, Culture & Leisure
Cardiff Council
County Hall
Cardiff
CF10 4UW

Dear Councillor Bradbury,

Economy & Culture and Environmental Scrutiny Committee: 9 May 2019

Thank you for attending Committee, along with Neil Hanratty, Jon Maidment and Howel Jones (Local Partnerships), to present a briefing on the initial findings of the Local Partnerships review of the Cardiff Harbour Authority (CHA). Members appreciate early appraisal of Howel's initial findings and thoughts and note the following:

Costs

- Over the last five to six years, there has been a reduction of approximately 20% in the CHA budget, amounting to circa £1 million;
- Overall, the CHA budget balances; however, it is not straightforward to identify CHA costs by function;
- Howel wishes to undertake further analysis of the costs for support services, supplies and services, services provided by Cardiff Council to the CHA via Service Level Agreements, such as for ICT and Street Cleansing, and the costs of contracted-out services e.g. dredging.

Activities

- These are all as required or mandated by the 1993 Cardiff Bay Barrage Act or the s165 agreement and its' various deeds of variation.

Savings

- The level of savings sought by Welsh Government is to be confirmed;
- CHA has identified approximately £250,000 savings from 2020/21 re groundwater monitoring and control and from Natural Resources Wales' involvement re fish migration;
- CHA has identified potential savings, which require further discussion as they would result from changes to existing operations, for example changing the times of operation of fish passes, changing the regime for monitoring the levels of dissolved oxygen etc.

Members were interested to hear Howel's thoughts about either the need for a return to three-year settlements, as opposed to sub-optimal annual settlements that do not allow for a planned approach, or a wider conversation about transferring the budget from Welsh Government to Cardiff Council. This requires careful consideration and Members were reassured to hear your thoughts about the pros and cons of a budget transfer, in particular the need to ensure protection from top slicing.

Members also note that it would be useful to consolidate the s165 agreement, which would require the consent of both the Welsh Government and Cardiff Council, and to determine which department of Welsh Government is best suited to be the lead from their side in discussions about CHA.

Members were particularly interested in the discussions around asset management and the issues with the contingency fund. With regard to assets, Members note the need for an independent survey to provide expert determination of the level of sinking fund required. Members wish to know who will bear the costs of this survey and I would be grateful if you would clarify this in your response to this letter.

With regard to the contingency fund, Members note the amount in it does not provide a sufficient buffer and that therefore discussions should be held to determine the viability of future capital receipts that could be released via land sales. If these discussions find that there would be insufficient capital receipt, then Howel suggested discussions should be held between the Welsh Government and Cardiff Council to agree to be jointly liable for any unexpected but necessary expenditure.

It is clear from the emerging findings that there remain significant areas for discussion and negotiation between Cardiff Council and Welsh Government. Members have asked that I highlight that we will wait to see what the final review report says and then decide the level of scrutiny required to ensure an appropriate level of challenge. We anticipate that the final review report will be available late Summer- early Autumn 2019.

In the meantime, we will share our '*Cardiff Harbour Authority*' Inquiry report (2010), which explores some potential areas for savings and looks at the risks to the Council, with Howel Jones, as it may be of use.

Yours sincerely,



COUNCILLOR NIGEL HOWELLS
CHAIR, ECONOMY & CULTURE SCRUTINY COMMITTEE

cc Members of the Economy & Culture Scrutiny Committee
Neil Hanratty Jon Maidment
Howel Jones – Local Partnerships Cabinet Support Office