



Llywodraeth Cymru
Welsh Government

Tai ac Adfywio
Housing and Regeneration

Adrian Crompton
Auditor General for Wales
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21 September 2021

Dear Adrian

Response to the Audit Wales report on Regenerating Town Centres in Wales

The Welsh Government welcomes the findings of the report and offer the responses at Annex A to recommendations 1 to 3 contained within it.

The Deputy Minister for Climate Change (DMCC) announced on 8 September that the Ministerial Town Centre Action Group (MTCAG), which he will lead and will include our key stakeholders for town centre regeneration, will oversee the implementation of the recommendations made in this report and those of the recently published report by Professor Karel Williams; [Small Town Big Issues](#).

In addition to this and as I outlined at the webinar you hosted on 2 September, three sub-groups will be established; one of which will lead on finding ways to incentivise town centre development but also disincentivise out of town development. A second group will look at how we can further streamline the funding offer under the Transforming Towns programme and simplify its processes. The final group will look at planning and engaging with communities so that they have a say in what happens in their town. Your team has indicated that they will be willing to be members of the working groups and further details will be shared with them over the coming weeks. I am very grateful for their support.

The Welsh Government has not offered a response to Recommendations 4 and 5 of your report as they are directed at local authorities.

I would like to take this opportunity to thank you and your team for the diligence and openness in which this report was prepared.

Yours faithfully



Ian Williams
Deputy Director – Homes and Places

Annex A

Recommendation 1 – Non-domestic rates have not been reviewed in recent years, and the levels charged do not reflect the current rents being achieved in many town centres. We recommend that the Welsh Government review Non-domestic Rates to ensure the system better reflects town-centre conditions when the payments holiday ends in March 2022.

Accept – *Non-domestic properties are revalued periodically in line with requirements set out in primary legislation. The Valuation Office Agency is currently reassessing all non-domestic properties in Wales in preparation for the revaluation which will take effect on 1 April 2023. The Welsh Government carried out detailed research into potential reforms to the local government finance system in Wales over the previous Senedd term and published a Summary of Findings in February 2021. Ministers are currently considering options for reforming the system.*

The remit of one of the working groups to be established beneath the MTCAG is to look at what we can do to give town centres a competitive advantage with a particular emphasis on financial incentives in towns and disincentives out of town. This group has been formed to respond to the recommendations in the reports about the impact of charges such as car parking and non-domestic rates.

Recommendation 2 - Many town-centre businesses are impacted adversely by charging for car parking, access to public transport and poor transport infrastructure. We recommend that the Welsh Government work with local authorities to review transport challenges facing town centres and agree how best to address these.

Accept - *Llwybr Newydd: The Wales Transport Strategy outlines aims to achieve a shift away from private car use to more sustainable transport modes for the majority of journeys. To achieve this we will locate new public services such as education,*

health and leisure facilities close to where people live, and to existing public transport routes, adopting a Town Centre First approach. Parking policies for all types of vehicle should be aligned to driving modal shift to public transport and active travel, taking equality into account. Over the coming months we will be working with Local Authorities and Corporate Joint Committee's (as they are established) to develop regional transport plans to ensure that planning and transport solutions are tailored both to meet the objectives of Llwybr Newydd and the needs of different communities and different parts of Wales.

Recommendation 3 - The Welsh Government has directly provided and levered in just under £900 million through 13 funding schemes to help regenerate town centres. However, some aspects of the Welsh Government's management of the funding are considered problematic. To ensure local authorities are able to maximise the impact of funding and tackle the more difficult and longstanding problems that would help transform their town centres, we recommend that the Welsh Government:

- consolidate funding to reduce bureaucracy by streamlining processes and grant conditions and keeping requests for information and supporting materials to a minimum;
- move away from annual bidding cycles to multi-year allocations; and
- rebalance investment from capital to revenue to help local authorities address staff capacity and skills shortages.

Accept – *In March 2020, the Welsh Government launched Transforming Towns as a coordinated package of support for regeneration investment in town centres. The Welsh Government continues to streamline its offer and investments from March 2023 will typically be awarded to local authorities and/or local delivery partners as a rolling programme as follows:*

- **Development funding** is for early work to support a future full project application. Eligible activity includes: desktop assessments, feasibility studies, site investigation and due diligence works, any masterplans or design briefs and Place-making Plans. Typically, a maximum grant intervention of 50% is provided.
- **Transforming Towns Strategic funding** is to support the delivery of a specific project where more than £250,000 grant or loan funding is required. Maximum grant intervention is 70%.
- **Transforming Towns Place-making Funding** is to support delivery of smaller schemes that require no more than £250,000 grant funding and is designed to be accessible to a number of delivery partners across the private, public and third sectors. The maximum grant intervention rate is 70%.

The Transforming Towns consolidated guidance and application processes will be further developed to support the three elements of the programme.

It is accepted that funding over a longer timescale for regeneration investment would enable more strategic projects rather than encouraging the “chasing” of short-term grants. It would also facilitate regional working and co-operation. However, while it is always our ambition to set budgets over a longer period we are constrained by the budget settlement we receive from the UK Government. We currently only have a budget for 2021-22. The UK Government comprehensive spending review is currently taking place, which may provide a settlement over a 3-4 year period.

While there are examples of setting budget envelopes over a longer period, for example in relation to the 21st Century Schools these are in relation to capital budgets. It is particularly challenging to provide any spending area with longer-term certainty in regards to revenue budget. To do so would need careful management of stakeholder expectations and flexibility to manage changes to the budget envelope. However, the working group remitted to look at the Transforming Towns programme will give this further consideration.