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Llywodraeth Cymru
Welsh Government

Chair
Economy, Skills & Infrastructure Committee
National Assembly for Wales
Cardiff Bay
Cardiff
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7 March 2018

Dear Chair,

**Economy, Infrastructure and Skills Committee –
Town centre regeneration: Five years on**

Thank you for your letter of 2 February highlighting the Committee's consideration of the key issues following the evidence sessions in early December.

I was pleased to be able to provide the Committee with evidence as part of this process and participate in the afternoon session.

My responses to the issues raised by the Committee are attached as an annex to this letter.

Yours sincerely,



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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Economy, Infrastructure and Skills Committee

Town Centre Regeneration: Five Years On

February 2018

Committee's view #1

We welcome the 'Understanding Welsh Places' work being taken forward by the Institute for Welsh Affairs. We would be grateful for further information on how this data tool will enable the understanding of which initiatives can increase the prosperity and wellbeing of Welsh towns.

Having robust data is a fundamental requirement for supporting regeneration, both in understanding the needs of places in advance of implementing regeneration strategies and to monitor the impact of any interventions.

This tool, which is still at an early stage of development and is currently being scoped, will be available to anyone involved in improving their town or city - for example, local authority economic development and regeneration teams, Town Centre Partnerships, development trusts, traders' associations and Business Improvement Districts.

There is no similar platform currently available in Wales. Indeed, there is an absence of good, reliable, consistent and comparable data on our towns and cities. The UWP tool will assist places to be able to understand themselves through a systematic, replicative, efficient and affordable data collection and benchmarking exercise.

Having the tools to measure performance will greatly improve strategic decision-making, and will facilitate a move away from the making of investment decisions based on perceptions. By considering and comparing performance, strategies and action planning can become more effective. By adopting a common pan-Wales framework, comparison can be made on the success of interventions in similar places.

This will form the basis for driving forward prosperity and enhancing well-being.

Committee's view #2

We acknowledge the work the Welsh Government has done following the previous Committee's report with regard to Planning Policy Wales and the 'town centres first' approach. However, we believe more needs to be done in working with local authorities in forming their development plans to ensure that local authorities are working together, instead of in isolation, and that the community and key stakeholders are engaged.

The Welsh Government scrutinises the preparation of Local Development Plans for the Planning Inspectorate. In order to be adopted, Plans must be sound. One of the soundness tests requires a plan to be compatible with adjoining plans and strategies. Local planning authorities are encouraged to carry out Local Development Plan preparation jointly with neighbouring authorities. Statements of common ground and joint evidence bases can assist in demonstrating positive collaboration. However, not all Local Development Plans are prepared at the same time and this can affect the level of engagement between Local Authorities.

Planning Policy Wales seeks to ensure Local Planning Authorities work strategically and co-operatively to steer development to the most sustainable locations, regardless of which local authority they are in. It is essential Local Planning Authorities identify and make provision for their - and their neighbours' - roles in the wider regional and sub regional economies of Wales.

Local Planning Authorities should secure a degree of consensus over the future development of, and use of, land in its area by involving the general public, community councils, voluntary bodies, the business community and all other relevant stakeholders in the preparation of Local Development Plans. There are statutory requirements for engagement and consultation. We have also written to Local Planning Authorities reminding them of the benefits of preparing a joint LDP with neighbouring authorities. This would complement the preparation of an SDP and enable the delivery of development and investment in retail centres to be maintained through a plan-led system.

We continue to support the adoption and replacement of Local Development Plans across Wales.

Committee's view #3

We recognise the importance of town centres identifying and marketing their unique selling points. The Committee would be grateful if the Welsh Government would provide information on how its initiatives are equipping communities with the tools and support to make this happen.

We have been pleased to work with Carnegie UK Trust on their work in supporting town centre regeneration over the past year.

One of the clear findings from their research is the need for towns “to have a story that residents – and others – know, as clarity of history and purpose allows residents to articulate their town’s *raison d’être* amongst each other, creating a shared positive narrative, and externally, developing the town’s appeal to others”.

Not every town can develop such a clear identity as Hay-on-Wye, for example, but places should consider themselves as broader destinations and build on their unique selling points.

A fundamental principle in our interventions, such as the Targeted Regeneration Investment programme, is to equip communities with the tools and support needed to make this happen. Our approach is about enabling the development of a flexible, bespoke and well-targeted mix of interventions which will greatly improve the long-term resilience and competitiveness of the places concerned.

A recommendation from Carnegie in its Welsh Towns report was for local government to engage with local communities and stakeholders to develop a vision for their towns. We feel this is an appropriate approach that can then inform local and regional regeneration plans.

Committee's view #4

We would welcome further details on how the Welsh Government is addressing the potential changes in use for out-of-town centres and how it is working with local authorities in planning for their future sustainable use.

Planning Policy Wales sets out the national planning policy framework. This has been completely revised and issued for consultation on 12 February this year. Local Planning Authorities are expected to establish clear strategies and policies in their Local Development Plans which seek to achieve vibrant, attractive and viable retail and commercial centres, and address retail needs across the local authority. These strategies and policies also inform decisions about planning applications and changes of use.

It is recognised that recent trends in the retail sector are for fewer large scale convenience superstores, smaller in-centre supermarket formats, shorter shopping visits, and increased online shopping. Where this results in closure of out of town superstores and vacant property, Local Planning Authorities can consider re-allocating the redundant site through their Local Development Plan for alternative and more sustainable uses. Whilst re-allocation of retail sites for uses such as housing may sometimes be a preferred option, it should be recognised the original planning permission for retail development will remain extant in most instances.

Edge of centre or out-of-centre retail developments may seek, over time, to change the range of goods they sell or the nature of the sales area. Sites might come up for redevelopment or be extended, or additional floorspace might be proposed. Local Planning Authorities should anticipate such changes, which may impact on the vibrancy, viability or attractiveness of a retail and commercial centre, by applying conditions on the initial planning permission and any subsequent variations. Conditions may prevent a development being sub-divided into smaller shops, limit the range of goods sold, or restrict floorspace. Local Planning Authorities can extend the list of uses controlled in out-of-centre retail developments if the presence of such uses is likely to lead to the loss of existing provision in retail and commercial centres. New out-of-centre retail developments or extensions to existing out-of-centre developments should not be of a scale, type or location likely to undermine the vitality, attractiveness and viability of those retail and commercial centres which would otherwise serve the community well, and should not be allowed if they would be likely to put development plan retail strategy at risk.

Committee's view #5

We believe the Welsh Government needs to ensure that Compulsory Purchase Orders (CPO) can be used effectively and that the sharing of knowledge and skills in using CPOs is being encouraged and supported across local authorities. The Committee has agreed that it will pursue this issue further through its work programme.

The Welsh Government intends to develop a package of measures to improve confidence and understanding amongst Local Planning Authorities on the use of compulsory purchase powers. These include updating 'Circular 14/2004 on Compulsory Purchase Orders' to reflect the latest reforms to the compulsory purchase regime, some of which have yet to come into force. The style of the Circular will also be reviewed to improve understanding and application of the guidance by Local Authorities.

We will work with relevant stakeholders to share knowledge and expertise of the use of CPOs with a view to identifying and disseminating best practice.

This work will commence in due course around other priorities for the compulsory purchase regime in Wales including establishing provision for compulsory acquisition through a bespoke infrastructure consenting process.

Committee's view #6

We welcome the Minister's willingness to consider creating regional development corporations and look forward to a response on this matter.

The Welsh Government launched 'Prosperity for All' in autumn 2017 and the 'Economic Action Plan' (EAP) in December 2017 in order to set out a commitment to a regionally focussed model of economic development.

A key element of which is the appointment of three new Chief Regional Officers across North Wales, Mid and West Wales, and the South East. Work is underway to consider the various components of regional economic development, as set out in the EAP and we are engaging with external stakeholders as part of this process. Further information will be provided as this work evolves.

The Chief Regional Officers will work with others to support regeneration initiatives including the advantages of the emerging City and Growth Deals, the new Development Bank of Wales and Regional Skills Partnerships. They will bring partners together to develop and deliver regional business plans that identify regional priorities and opportunities.

The EAP recognises that this new way of working will be dovetailed with wider regional initiatives, such as the Targeted Regeneration Investment programme.

Committee's view #7

The pace and scale of high-street bank closures is a huge concern to all Committee Members. We would welcome further information from the Welsh Government on what it is doing to ensure that vital banking services are still available to the community on the high-street.

The Welsh Government's powers are limited in addressing the gaps in provision of high street banking services resulting from the technology driven commercial decisions to close branches.

We believe all banks leaving a community should have a responsibility to their customers who have used their services over many years. Banking regulation is non-devolved and is the responsibility of the UK Government. It is they who have the powers to regulate the industry to ensure that vital banking services are available to the community on the high street either by the traditional banks or increasingly through services transitioned to the Post Office.

However, we are in discussion with many of the main banks in Wales to gauge their appetite for working with Welsh Government with a view to repurposing their vacant town centre buildings for wider community use.

Committee's view # 8

We believe there is an increased role for post offices to play in providing services lost by the closure of high-street banks, and seek an update from the Welsh Government on how it's engaging with Post Office to ensure the viability of its branches in the long term, and whether it is exploring schemes such as the former post office development fund.

Post Office matters are not devolved. However, Welsh Government officials are in regular contact with Post Office Limited in order to ensure we have up-to-date information on issues relevant to Wales and Welsh communities.

The Post Office network now offers access to banking services for 99% of personal banking customers and 95% of business banking customers. That said, the Post Office does not offer the same range of services as a bank branch. Services on offer include paying in cash and cheques, balance enquiries and free access to cash withdrawals. In addition, business customers can access a change service. Post Office Limited states that the Post Office network is currently carrying out around 200 banking transactions every minute. This represents an increase of 10% over the last two years.

Post Office Limited is considered a key stakeholder by High Street Banks planning branch closures. They are involved in the consultation process at an early stage.

The Welsh Government is not currently considering the re-opening of the Post Office Development or Diversification Funds. Re-opening the schemes would not improve the banking services on offer. The Post Office Development and Diversification Funds provided grants for the improvement of associated retail businesses.

Committee's view #9

Although we welcome the Targeted Regeneration Investment Programme, we are concerned that this is for capital funding only and other potential non-physical funding approaches are not being explored. It is important that innovative, robust and sustainable solutions are investigated, in combination with the physical changes. We would welcome the Welsh Government's comments on this and consideration of more innovative approaches not already being undertaken. This could include, for example, ensuring new large scale developments provide opportunities for small local businesses, by allocating retail space for start-up businesses.

Whilst the Targeted Regeneration Investment programme provides capital funding, the Welsh Government will be co-investing in regionally-significant regeneration projects. In a similar way, there is also the EU-funded Building for the Future programme aimed at bringing vacant land and buildings back into sustainable use.

We fully expect local authorities, and wider stakeholders, to contribute financially, through both capital and revenue funding contributions, in ensuring investment proposals are comprehensive, viable and sustainable over the long-term.

The example highlighted of developing retail space for start-up businesses is a good example of what could be delivered through BFF and the new TRI programme.