



Cynulliad Cenedlaethol Cymru **The National Assembly for Wales**

Y Pwyllgor Menter a Busnes **The Enterprise and Business Committee**

Dydd Iau, 24 Tachwedd 2011
Thursday, 24 November 2011

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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal,
cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches is included.

Aelodau'r pwyllgor yn bresennol

Committee members in attendance

Byron Davies	Ceidwadwyr Cymreig Welsh Conservatives
Keith Davies	Llafur Labour
Julie James	Llafur Labour
Alun Ffred Jones	Plaid Cymru The Party of Wales

Eluned Parrott	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Nick Ramsay	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
David Rees	Llafur Labour
Kenneth Skates	Llafur Labour
Joyce Watson	Llafur Labour
Leanne Wood	Plaid Cymru The Party of Wales

Eraill yn bresennol**Others in attendance**

Huw Lewis	Aelod Cynulliad, Llafur (y Gweinidog Tai, Adfywio a Threftadaeth) Assembly Member, Labour (the Minister for Housing, Regeneration and Heritage)
Steffan Roberts	Pennaeth Ardal Adfywio Aberystwyth Head of Aberystwyth Regeneration Area
Rosemary Thomas	Pennaeth yr Is-adran Gynllunio Head of Planning Division
Chris Warner	Pennaeth Polisi—Adfywio Head of Policy—Regeneration

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol**National Assembly for Wales officials in attendance**

Siân Phipps	Clerc Clerk
Meriel Singleton	Dirprwy Glerc Deputy Clerk
Ben Stokes	Gwasanaeth Ymchwil Research Service

Dechreuodd y cyfarfod am 11.30 a.m.

The meeting began at 11.30 a.m.

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions

[1] **Nick Ramsay:** I welcome Members, witnesses and members of the public to today's meeting of the Enterprise and Business Committee. The meeting will be held bilingually: headphones can be used to listen to the simultaneous translation from Welsh to English, on channel 1, and for amplification, on channel 0. The meeting is being broadcast, and a transcript of the proceedings will be published. I remind people to turn off their mobile phones and other electronic equipment. You do not need to touch the microphones, as they will be operated automatically. In the event of a fire alarm, please follow the ushers' directions. We have received no apologies and there are no substitutions.

11.31 a.m.

Ymchwiliad i Adfywio Canol Trefi: Sesiwn i Graffu ar Waith y Gweinidog **Inquiry into the Regeneration of Town Centres: Ministerial Scrutiny Session**

[2] **Nick Ramsay:** This is the final session of the committee's inquiry into the regeneration of town centres. We are grateful to be joined by Huw Lewis AM, Minister for Housing, Regeneration and Heritage, Steffan Roberts, head of the Aberystwyth regeneration area, Rosemary Thomas, head of the planning division, and Chris Warner, head of regeneration policy. Minister, we have a fair number of questions. Would you like to make a brief opening statement? We have many questions, so I hope that you will not mind that I will be trying to speed proceedings along as much as possible.

[3] **The Minister for Housing, Regeneration and Heritage (Huw Lewis):** Thank you for setting aside the time to question me this morning. This issue is of great importance to the Welsh Government. Town-centre regeneration is at the centre of our concerns. In difficult times, with more difficult times to come, it is at the centre of the concerns of many communities and partner organisations across the country. Therefore, this is timely, and your work will be enormously valuable to the Welsh Government, I am sure.

[4] **Eluned Parrott:** Minister, your written evidence for this committee's meeting on 22 September stated that the framework for regeneration areas remains the policy of the Welsh Government. That framework suggests that

[5] 'a more coherent and co-ordinated approach is needed to take forward regeneration-focussed activity across the whole of Government'.

[6] I have two things to ask. First, what progress have you made so far towards implementing the new approach and, secondly, how do you intend to push forward with this approach in the coming months?

[7] **Huw Lewis:** It might be helpful for the committee if I set the context for the discussion. In terms of current regeneration work, I have made it clear to all partners that existing commitments will be honoured, which takes us up to the end of the next funding round, in blunt terms. I am trying to ensure that there will be no nasty surprises for people who have committed a great deal of time and effort to ensuring that there are coherent plans in place, particularly for the seven regeneration areas. However, after that, we have to face up to an issue around resources and greater collaboration and the desperate need for it. We should not begin with the departmental make-up of the partnership around a particular project, or even with which partner organisations happen to be sitting around the table. The starting point and central concern should be the place.

[8] After these current commitments are honoured, I hope to move to a regime where we would be working much more holistically and intensively with regard to resources around particular communities. Unfortunately, the quid pro quo would be that we would be working in fewer places at any given time. That is the reality behind the funding cuts that we are facing. That would demand a whole new level of collaboration, beginning with cross-Cabinet and cross-departmental collaboration. I have been working with colleagues and the First Minister to set up a new system of cross-departmental working. I am not in a position to make an announcement about that—though I am not sure whether it merits an announcement—but very soon, I will be able to describe how that will work in more detail. A lot of it will be obvious, namely that senior officials will be concerned with a place rather than being defined by departmental spend or anything like that. Officials who will be required to make something happen for a place or community will be a part of that. The ministerial angle to that will be necessary as well.

[9] **Nick Ramsay:** When do you intend to make that happen, Minister?

[10] **Huw Lewis:** As soon as it is reasonably practical. There is no reason to wait until we have the new funding regime, although that will give us the ability to ensure that we have our organisation streamlined prior to the more intensive and more holistic approach, which has been described in other places as a total-place approach to regeneration. There is no reason to wait for that to happen, however. There are lots of regeneration challenges out there right now that could benefit from a new level of collaboration. This will come very soon.

[11] **Eluned Parrott:** I wish to clarify something. Are you saying that, within the Government and the systems that you operate with your Cabinet colleagues, you intend to implement this new approach now but that, until we look at a new funding round, you will not be pushing on with enforcing more partnership arrangements?

[12] **Huw Lewis:** No. All I am saying is that, while partnership working is an imperative right now, I anticipate that it will truly come into its own when we shift towards a different regime in terms of how we approach area-based regeneration. In other words, we truly would be looking at bespoke solutions for particular communities and building in the departmental work that is necessary around places such as Abertillery, for example. These things would truly come into their own at that point. There is much to benefit from right now, however, and I would anticipate that, by the new year, we would have a new cross-departmental understanding up and running in respect of how these things work.

[13] **Nick Ramsay:** I will now bring in Byron Davies on the role of local government.

[14] **Byron Davies:** The committee has heard from a number of witnesses, including the Association of Town Centre Management, which voiced concern that town centres that have already been hurt by the initial impact of the recession are now facing a second blow through a reduction of public sector involvement. Could you outline how the Welsh Government co-ordinates its town-centre regeneration activities with those of local government?

[15] **Huw Lewis:** Co-working with local government is a necessity. Without that kind of co-operation and co-working, you are not off to a very solid start when it comes to any kind of initiative in town centres. It has to be there, as the role of local government is integral to everything. Again, there is potential for taking this to another level, as a lack of resources begins to change the way that we work. There are also opportunities on offer here, particularly for those local authorities that would embrace the total-place commitment to a particular area. We are very demanding of local government in Wales in ways that local authorities perhaps have not been exposed to before. Good examples of this out there right now might include commitments to town-centre management, for instance, which I would see as a prerequisite for some of the regeneration work that we might want to become involved in now and in the future. So, joint working is central to every concern. Without it, in my view, it would be very unlikely that we would embark on any kind of ambitious project.

[16] **Byron Davies:** Okay. What you said brings me neatly on to my next point. Town-centre management is not a statutory function of local authorities. Is there an argument to suggest that it should be?

[17] **Huw Lewis:** Someone would have to sit me down and convince me of that. I am very keen to promulgate here that we have to face up to the diversity of the challenges and opportunities that pretty much every community in Wales might present us with. It may require a different suit of clothes—a tailored solution—for a place like Aberystwyth, as compared to a place like Bargoed. Town-centre management could be seen as something that is universally transferrable between different places, but it would be difficult to draft good law on requirements in that regard. You could envisage doing town-centre regeneration work

in places where that might constrain the solutions that everyone had agreed upon for that particular place. I would not rule it out, but I do not think that having a law on that would necessarily add to human happiness. We could easily make that sort of thing a condition of funding, for instance, rather than make it part of statute.

[18] **David Rees:** You mentioned statutory requirements. There is a statutory requirement upon local authorities to produce local development plans under the Planning and Compulsory Purchase Act 2004. As I understand, five local authorities have approved LDPs, several have them under way, and seven are nowhere near that. Would you expect LDPs to incorporate a plan for town-centre regeneration? Is that true of the five LDPs that have been approved?

[19] **Huw Lewis:** I may hand over to Rosemary for the details on which LDPs say what. That is a problem and an issue. LDPs consist of a series of decisions on standing up to tough choices. They are tough to put together, and difficult choices must be made when putting a good LDP together. They constitute an expressed commitment on behalf of the community to get on with the job. Without an LDP, communities suffer, because of an inability to face tough choices and a shying away from prioritising and making decisions. Communities are not well served if LDPs are taking too long, or if people are trying to avoid coming to grips with them. I understand that a slew of LDPs are due. Rosemary can give us a more accurate breakdown.

[20] **Ms Thomas:** Local authorities are required to have development plans in place. Quite a few authorities have unitary development plans in place, which have town-centre policies within them. The next generation of plans are local development plans, and we have five in place so far. Those would also have appropriate policies for town centres within them.

[21] On collaborative work on town centres, one of the elements of the local development plans is that we expect local authorities to take account of what is going on in adjacent authorities. We are delighted that Gwynedd Council and the Isle of Anglesey County Council will bring forward a joint LDP in the fullness of time. For somewhere like Bangor, for example, which is patently drawing people from both sides of the Menai straits, the joint plan will assist with that type of collaborative approach. In Cardiff, for example, collaborative work is happening to ensure that there is a robust evidence base, so that Cardiff's role in south-east Wales is appropriately considered as part of its local development plan. You are absolutely right that collaborative working and retail policies are very important parts of LDPs.

[22] **David Rees:** Have you had discussions with Cabinet colleagues to ensure that local authorities are aware of those requirements? You said that 'expected' was the word used. Is there a requirement for them to include that information in their LDPs, particularly with regard to collaboration?

[23] **Huw Lewis:** Discussions have been held with John Griffiths, my counterpart and colleague, and with the First Minister. Rosemary, would you like to comment?

11.45 a.m.

[24] **Ms Thomas:** We have produced guidance on what we expect local development plans to contain. So, that is one source of information. We also have 'Planning Policy Wales', backed up by technical advice note 4 on retailing. Basically, there is no shortage of advice about what authorities need to put into their plans. However, as the Minister said, plan making is not without its challenges within local authorities. You know better than I about electoral cycles and how one has to plan work going through committees at different stages. It is very difficult when you have different lobby groups working with authorities on things that

they are not quite happy about in the plans. We expect authorities to keep the plans going forward and we are slightly disappointed that some of them are not going as fast as we would have liked.

[25] **David Rees:** On that point—sorry, Chair, I keep asking questions—

[26] **Nick Ramsay:** Be brief please.

[27] **David Rees:** Is there a time limit by when they have to submit their plans? We have one authority that has no plan whatsoever. I am aware that there are elections next year, so are the plans going to be knocked on as a consequence? Communities seem to suffer if the plan is not in place.

[28] **Ms Thomas:** Due to the way in which it works, Welsh Ministers actually have very few levers for forcing authorities to bring forward development plans. We are using the levers that we have available. With the more recalcitrant authorities, we are putting inordinate effort into supporting them, trying to take them step-by-step through the process. However, it is actually the local authority's plan; it is not the Welsh Ministers' plan. It is the responsibility of the members representing their authority and their community's interest. However, they have to be involved in the process because, at the end of the day, the plan is going to meet their community's needs over the next 15 years. So, if there are not enough housing or employment sites or whatever in the plan, it is their communities that, in 10 or 15 years' time, will pay the price.

[29] **Joyce Watson:** Picking up on that, one of the authorities that does not have a plan is Ceredigion. I want to link this with the fact that we are regenerating Aberystwyth town centre with huge investment. That is very welcome. I welcome it, as do the people of Ceredigion. However, the obvious question following from that is how that is going to grow outwards without a plan to support it. It seems that we have a really good development, to which everyone has signed up, to serve the needs of what I think is the biggest town in Ceredigion, but could it be the case that, because there is no local development plan, the investment that we have put in might not gain in the way that we would hope and expect? Will that be the consequence of having no local development plan?

[30] **Huw Lewis:** It is an issue. As we move towards needing to concentrate and intensify our resources around communities, as time goes on in this Assembly term, this would be on my mind with regard to how we prioritise places. There will be places and people who will be tremendously disappointed when decisions like that are made. That will be in my mind, but perhaps Rosemary could address the specific situation in Aberystwyth.

[31] **Nick Ramsay:** I do not think that we need specifics on that. I think that that would be more the area of local government—

[32] **Joyce Watson:** But it is a general issue—

[33] **Ms Thomas:** I think that there is a general point that I hope might assist the committee. It talks about decision making with regard to retail developments, which I think goes to the heart of some of the discussions you have had with other contributors. When it comes to planning applications for retail schemes and there is no local plan in place, what do you do? How do you take the decision as a decision maker? In that case, if you do not have an up-to-date plan or you have no plan at all, the local authority should use the framework of national planning policy to take the decision. Where you have a plan, the first document that you look at to inform your decision is the adopted development plan. Where you do not have a plan, the first port of call is national policy. That is 'Planning Policy Wales', which has a section that is quite prescriptive with regard to retail policy, backed up by technical advice

note 4. That is the framework.

[34] **Leanne Wood:** We have heard from many witnesses about the impact of out-of-town development retail sites and how they have a detrimental impact on many town centres in Wales. I wonder, in the light of this, whether any changes are required to national and local planning policy so that we can better protect town centres from the negative impacts of out-of-town retail developments.

[35] **Huw Lewis:** Rosemary has ably described the framework regarding which document you turn to when difficult decisions like this are made. Planning authorities have to go through a process, which clearly notes that the first choice is in town, the second is edge of town, and developments should only go out of town in the final instance. However, I must say that a lot of this primarily relates to the work of my colleague John Griffiths, who has responsibility for planning, but there is a big cross-over.

[36] One thing in my mind with regard to regeneration is that, over the coming period, it will be time to face up to the fact that many communities have made their decision and many consumers have made their decision, and a lot of towns already have their out-of-town retail, and it is dominant. So, what do you say in regenerative terms to people who are concerned about town centres where this has happened or where it will happen? That will shape the answers that we will try to come up with regarding keeping town centres vibrant places where people want to be. The key thing is why should anyone want to spend time there and why would they want to spend any money there. Maybe the answers that we need to be searching for are not necessarily dominated by retail. There might be other reasons driven by leisure, the arts, entertainment or public service for people to spend good-quality time—and the key word is quality—in town centres with family and friends, as well as good-quality time in accessing services. Sometimes, we are in danger of being a little Canute-like in demanding that there is a retail solution to everything.

[37] **Leanne Wood:** I disagree with you there, Minister, because we have taken plenty of evidence from people who have told about the need to have a different role for town centres and about having a mix, more residential developments and having a good-quality experience in town centres.

[38] **Huw Lewis:** That is what I am saying.

[39] **Leanne Wood:** Yes, fine, but the fact still remains that out-of-town developers have the edge, because they have a competitive advantage—they often offer free parking, for example. So, I accept your point that people have made their decision, but they have made their decision in the context of everything being skewed in favour of the big out-of-town developments as opposed to the town-centre development. We had a seriously angry bunch of traders in Narberth making that exact point. Competitively, they are at a disadvantage, and we must recognise that as well. So, is there anything in policy terms that you can do to skew that advantage back to local traders?

[40] **Huw Lewis:** I do not know whether the advantage is necessarily skewed everywhere. The local development plans are absolutely critical, as they are locally made decisions. The tone, flavour and options presented to developers through the LDPs are absolutely critical. If a local authority wants to be determined on issues like this, it is open for it to be so. However, I must also consider those parts of Wales, of which there are many—perhaps the majority—where these are already in existence. I do not want to give up on town centres where there is already a retail flow that is very different to the way that it was before.

[41] When I was a child, I remember my granny taking me shopping; she would start at one end of Merthyr high street, visiting the fishmonger, the baker, the butcher and the

greengrocer—she would visit a dozen shops and work her way down the high street. My granny has gone, and no-one in that town shops that way anymore. So, the answers for a town centre like that must go beyond some kind of resurrection of my gran. *[Laughter.]*

[42] **Leanne Wood:** I do not disagree with any of that, but people like your gran had no transport of their own to get to the out-of-town developments either. So, it is not just skewed in favour of the big companies in out-of-town developments, but also of those who have cars. You can say that we are where we are, but we can take steps, can we not, to roll some of this back? Is there anything in your policy remit to try to skew that back in favour of local developments?

[43] **Huw Lewis:** A lot of this is about planning regulations and so on. The challenge with regard to regeneration is to bring people into the town. If you bring people, you bring footfall, which brings the one thing that keeps retail's head above water. That comes back to good-quality public spaces that people want to spend time in. With my regeneration hat on, I see that that is a primary tool with regard to assisting the likes of the traders in Narberth, in ensuring that people vote with their feet. Perhaps I could ask Rosemary to talk a little bit more about the planning side of it.

[44] **Ms Thomas:** We have a lot of policy currently, such as the town-centre-first retail policy, which is very prescriptive. The first thing that you have to do is to establish whether there is a need for new floor space. If the answer is 'yes', then you look at whether there is a town-centre site available. If there is not, then it must be at the edge of the town centre. Only then do you look at out-of-town developments. However, the out-of-town site must be accessible by a range of means of transport, not just cars.

[45] There is some confusion, because many of the things that relate to out-of-town stores predate the current restrictive policy that we have in place. So, you have legacy out-of-town sites, which are being sold between different traders. Planning cannot rectify that situation; land-use planning cannot deal with competition between traders. So, whether a site is used by Morrisons or Sainsbury's, it is all about the land-use implication, not who the trader is.

[46] We have guidance with regard to free parking versus town-centre parking—technical advice note 18 deals with transport. There is a section in there that states that local authorities, if they so wish and think it necessary in their area, could look at car parking rates and align them with what goes on out of town. So, the levers are there, but what is needed is the skills, which the Minister is keen to develop, to utilise the information that is available and marshalling things in a different way to give the best effect.

[47] **Nick Ramsay:** Given these very interesting answers, there are a couple of supplementary questions from Members. So, Julie James first, then Alun Ffred.

[48] **Julie James:** I want to develop that last point, which I take entirely, given that the area that I represent has a number of legacy-type arrangements of that sort. However, one issue that has been an issue for a long time, and continues to be, is that local authorities that refuse on that basis are often appealed against, and the supermarket chains in particular bring in the big legal guns then—I have been on the other side of that battle myself a few times. The local authorities just do not have the resources to fight, so quite a lot of them give up at that point. I take your point about it being more restrictive, so it is harder to appeal, but, nevertheless, they appeal anyway. You then have authorities that are already strapped for cash facing an enormous legal bill to fight off the challenge of a supermarket. Supermarkets have land banks, so they may have sterile sites attached to them. So, if they cannot develop on those sites, they just sit on them, which then means that the town has a different problem. I am concerned about the continuation of this issue, even though there is now this restrictive practice.

[49] **Nick Ramsay:** Julie, do you have a specific question?

[50] **Julie James:** Yes. Is there something that the Government can do to assist local authorities that, following a legitimate decision on their part, are attempting to fight off those appeals, because that is still happening in quite a few places?

[51] **Huw Lewis:** Again, I will need to bring in Rosemary to talk about some of the possibilities that there might be out there to rigorously use the planning rules as they are.

12.00 p.m.

[52] In terms of the regeneration work going on in Wales, there are instances of conversations with large chain retailers, big companies, and our approach thus far, which seems to be bearing fruit, is to maintain a good flow of conversation and information between all partners concerned. To have the big retailers on board as positive partners in what we may be doing for a town or city centre is, to my mind, the best place to be. I am aware that I am not getting down to the specifics of your question, so perhaps Rosemary can come in here.

[53] **Ms Thomas:** Just to give you the general statistics, appeals work like this: if applications are refused, and they go the Planning Inspectorate, you have a 30 per cent chance of success. So, in one in three applications, the local authority's decision will be overturned. Those are the odds. From what I see, the huge wave of out-of-town applications and appeals has been and gone. The type of appeals coming through for retail now is in town and edge of town. Believe it or not, the supermarkets have actually responded to the tight policy now, and you have what is called in the jargon 'relocalisation'. These retailers are now going for smaller stores, such as the Tesco Express, the Tesco Metro and the small Sainsbury's. Of course, a lot of local traders do not like them, because they are competition. So, they are in the right place, in a district centre or a town centre, but the other people do not like them. It may be that the local authority has refused planning permission, upon which it goes to appeal and, surprise, surprise, the decision is overturned because it was in the right place and was perhaps refused for the wrong reason. The Planning Inspectorate goes on the basis of the policies. There are not so many big, out-of-town retail ones that I am aware of.

[54] The other issue that you talked about was land banks. That is perceived to be an issue. The UK Government got the Competition Commission to undertake an inquiry into that a couple of years ago. The commission crawled all over it, compiled statistics and everything, and concluded that they are not actually doing that. There is an issue, which I think came up in the evidence that Cardiff put to this committee, to do with landowners hanging on to sites because they remember the big bucks at the height of the boom, and they think that they will see that again if they hang onto the sites long enough. So, there is an issue about the unrealistic expectations of landowners.

[55] **Nick Ramsay:** Alun Ffred, do you want to ask a brief supplementary question before I bring in Keith Davies?

[56] **Alun Ffred Jones:** As time is short, perhaps the officials can provide the details about the planning policies covering the issue of need, which is a very contentious and difficult area.

[57] **Nick Ramsay:** Can you do that?

[58] **Huw Lewis:** Yes.

[59] **Nick Ramsay:** Great.

[60] **Keith Davies:** Yn eich papur ar gronfa buddsoddi Cymru mewn adfywio, dywedwch fod £40 miliwn ar gael. Ond pan lansiwyd y gronfa yn ôl ym mis Hydref 2010, £55 miliwn oedd y ffigur. Beth yw'r ffigur cywir? Yn y lansiad ym mis Hydref 2010, yr oeddech yn gobeithio defnyddio'r arian hwnnw i gael buddsoddiad ychwanegol cyfatebol o'r sector preifat, sef £55 miliwn arall. Beth yw'r ffigurau cywir, ac a ydych yn edrych i gael yr un fath o gefnogaeth gan y sector preifat?

Keith Davies: In your paper on the regeneration investment fund for Wales, you say that £40 million will be available. However, when the fund was launched back in October 2010, the figure was £55 million. What is the correct figure? In the launch of October 2010, you hoped to use that funding to attract additional corresponding funding from the private sector, namely another £55 million. What are the correct figures, and are you seeking the same kind of support from the private sector?

[61] **Huw Lewis:** First of all, it might be of interest to the committee to know that my understanding is that the first projects from this fund will be announced by the end of the year. Also, it is one of our all-Wales funds.

[62] Let me see whether I have these numbers correct to clear up any confusion. The amount of money held by the regeneration investment fund is £55 million. That is made up of £25 million in European regional development fund. There is just shy of £15.5 million match funding for the ERDF, to which the Welsh Government has contributed through the transfer of property assets. There is a £9.4 million cash investment from the Welsh Government and £5.2 million of further property transferred from the Welsh Government. So, the £40 million referred to in the paper is the value that the fund needs to invest by 2015 in order to meet European regulations. So, it is obligated to invest £40 million by 2015. The £55 million of private investment is the hoped-for or envisaged contribution from the private sector. All those numbers are correct and in the right order, I hope.

[63] **Mr Warner:** Yes, that is right.

[64] **Huw Lewis:** So, this is really quite a major opportunity for us in Wales. This is a hefty investment. Is there anything that you want to add to that, Chris?

[65] **Mr Warner:** No.

[66] **Leanne Wood:** You mentioned the match funding transfer of property assets being £15.5 million and then you mentioned a further £5.2 million. What is that all about?

[67] **Mr Warner:** That is land and property from the Welsh Government's asset register—typically land acquired for a variety of purposes such as economic development or housing, or it could be—

[68] **Leanne Wood:** So, this is new land that is bought, not land that is sold, is that right?

[69] **Mr Warner:** This is land that we have acquired that has transferred to the Welsh Government from previous landholdings.

[70] **Eluned Parrott:** Just to clarify, the asset transfers are the non-cash parts of this fund and, if £20 million is in land transfers, £35 million is the cash value of the fund. Is that correct?

[71] **Mr Warner:** Yes, that is right.

[72] **Joyce Watson:** Good afternoon—it is afternoon now. I want to ask you to explain

gap funding. You recognise in your paper that there will be regeneration projects that require 'gap funding', and you go on to say that it would be in the form of grants, perhaps, rather than loans. Do you have an allocation in your department's budget for the provision of grants to support town-centre regeneration, using the powers previously held by the Welsh Development Agency?

[73] **Huw Lewis:** In summary, yes. There is no narrowly defined pot of grant money as there used to be when the WDA used to allocate this sort of money. Although I have inherited this regime, at the moment I do not anticipate making any real change to it, because it fits with the philosophy behind letting the place and the community define the priorities. As things stand, the Welsh Government has a broad-ranging ability to contribute to the funding of the regeneration projects within a given area without necessarily having to make those projects fit a rigid grant regime. So, there is enormous flexibility there. As you might imagine, as a Minister, I quite like that. It frees us up. All the amounts are there in the budgetary process, but perhaps I can ask officials to come in on that.

[74] **Mr Warner:** To clarify, the funding is allocated to the regeneration areas of Wales. Within that, we do not specify a particular amount that has to be spent on town-centre regeneration, because it is for the local partnerships to come up with a recommendation on how we should invest the money. However, a proportion of the investment in all the regeneration areas is going on town-centre activity, and that varies, depending on which area it is and what the local priorities are.

[75] **Alun Ffred Jones:** Yr wyf am sôn am ardrethi busnes. O safbwynt adfywio, beth yw eich barn am y drefn ardrethi busnes bresennol yng Nghymru? A yw'n ddigon hyblyg i gefnogi adfywio canol trefi neu er mwyn rhwystro eu dirywiad?

Alun Ffred Jones: I want to talk about business rates. From a regeneration perspective, what is your view of the current business rate regime in Wales? Is it flexible enough to support town-centre regeneration or to arrest their decline?

[76] **Huw Lewis:** As colleagues will be aware, the Minister for Business, Enterprise, Technology and Science has set up an inquiry into business rates, chaired by Professor Brian Morgan. I will be feeding into that inquiry from a regeneration perspective.

[77] I do not have a view carved in stone at the moment, although there is, conceivably, room for manoeuvre. I am very interested in some of the developments in Scotland and how these potential variations might be used as tools for regeneration to kick-start the process. I keep coming back to footfall, and whether this drives footfall in terms of town-centre regeneration. That is critical for me.

[78] In terms of the mechanics of exactly what I would ask for, I do not think that we are there yet. The work of the committee and your views on this will be very useful. We are all getting ready now to feed into Brian Morgan's review.

[79] **Alun Ffred Jones:** Diolch yn fawr. Mae fy ail gwestiwn wedi ei ateb.

Alun Ffred Jones: Thank you. My second question has been answered.

[80] **Julie James:** Turning to look at the business improvement districts, I know that you are very familiar with the Swansea BID, which has been very successful, in my view. We have received conflicting evidence from the Welsh Local Government Association, which seems to feel that BIDs should be restricted to bigger places. However, other evidence from you and the Swansea BID suggests that you could set up a BID pretty much anywhere. I was a bit surprised by the WLGA's view. Have you had any conversations with it about that?

[81] **Huw Lewis:** Not specifically on that, but that conversation needs to be had. Like you,

I do not quite get where the WLGA is coming from in this regard. We are suffering in some ways in Wales from a severe shortage of business improvement districts. Swansea is the only one at present, although I very much hope that Merthyr will follow Swansea's example. Swansea has given a vote of confidence to its own business improvement district by committing to keep things going for another five years. It is clearly working well, and it is also feeding well into our regeneration work as part of the Swansea regeneration area. It has been of enormous use to have that conversation with the Swansea BID.

[82] There are good examples in Scotland of BIDs operating in places that are much smaller than Swansea and working well. They are obviously working well because people want to sustain them, and it is their volunteered time, effort and contributions that make that happen. So, I do not quite get where the WLGA is coming from, and I will need to have that conversation with it about why it is saying what it is saying. The evidence is there that BIDs do and can work.

[83] **Julie James:** I have quite a lot to do with the Swansea BID, as you know. Are you using the expertise developed in Swansea by Russell and various others to help other areas in Wales to decide whether a BID would be a good idea or not, as they have a lot of experience?

[84] **Huw Lewis:** I know that there has been cross-fertilisation in terms of conversations between Merthyr and Swansea, but I do not know whether it has gone any further than that.

[85] **Mr Roberts:** Officials are discussing the Swansea experience and the Merthyr experience. We are also looking at experience from across the UK as well—there are around 140 BIDs in the UK.

[86] On the previous point, there are other opportunities to look at BIDs. There are market town centres looking at BIDs and there are opportunities for the clustering of towns, which is being looked at in Scotland, and for thematic BIDs such as tourism or food products BIDs, and there are examples of business parks operating as BIDs as well.

12.15 p.m.

[87] **Nick Ramsay:** When we took evidence from the Swansea BID, we heard that it had had no contact with the Welsh Government on this issue. Are you saying that you have had contact with it?

[88] **Mr Roberts:** The contact has been recently. I met Russell within the last fortnight, and I know that other officials have met with him recently, looking at the Swansea experience.

[89] **Nick Ramsay:** So, it is very recent contact. Okay.

[90] **Julie James:** I have one last question on BIDs. One of the interesting things about the Swansea BID is how it interacts; there is a city-centre manager in Swansea, funded by the local authority. If you are looking at BIDs elsewhere, would you carefully consider how those two things interact, Minister? In Swansea, there has been quite a lot of learning about that, and where it is now is not where it started from. It would be good to take advantage of that.

[91] **Huw Lewis:** Thank you for that. I will take your advice. As usual, Swansea leads the way on these issues.

[92] **Nick Ramsay:** I will now bring in Byron Davies on sustainable transport.

[93] **Byron Davies:** To turn to sustainable and integrated transport, in its written evidence

to this inquiry, Sustrans said:

[94] 'In strategic terms the impact of town centre regeneration projects on sustainable transport is rarely considered at an early stage'.

[95] The committee has also heard from the Centre for Regeneration Excellence in Wales that sustainable integrated transport plans are not always incorporated into town-centre regeneration strategies. Does that reflect your experience?

[96] **Huw Lewis:** My experience is relatively recent and I do not intend to answer for what went before. I can point to examples of good practice in regeneration areas. For instance, Rhyl, Aberystwyth and Swansea looked at the public transport hub, which is an important part of the work that is ongoing at the moment. However, I will concede this: if there is any weight to what Sustrans is saying, then I would answer by saying that, as we move towards this more intensive regime of regeneration effort, and get ready for that, this would be a prerequisite for a scheme to get off the ground—not just in terms of sustainable transport, although that is, of course, integral, but in terms of the whole gamut of ways in which a town centre is connected to the people that it serves and to the wider world. I would worry about public transport, but also about walking and cycling within that town centre. I would be concerned about connectivity in terms of such things as IT as well. How is that town centre served, and how does it serve retailers and their customers? Is the service provision in that town centre connected in all those different ways? Without that holistic view of the connection of the town to the people it serves and to the wider world, I do not think that you have done a holistic job in regeneration. I am not here to talk about what went before, but, as we move forward, people will have to evidence this, to my mind, to make sure that it is written in from the start. You cannot do a proper job of regeneration without considering all of those headings right at the beginning.

[97] **Byron Davies:** In practical terms, what would you say that your department could do to ensure that issues such as sustainable transport are considered?

[98] **Huw Lewis:** I would say, 'Do not get involved in regeneration without it'—do not leave home without it.

[99] **Byron Davies:** I am sure that Lee Waters will be delighted to hear that.

[100] **Huw Lewis:** I have been proselytising about this up and down Wales. People need to get their heads around the need for a much more intense look at the needs and potential of a particular place. This is no longer about the streetscape being improved and a look at some help for retailers. This is about everything that makes a place tick. What are its chronic problems? What is its potential? The answers for each place will be slightly different, or they could be very different. However, until you have those answers on a piece of paper—and we have a good partnership agreement on that being the list of priorities—I do not see that the Welsh Government, in the future, would be in a position to engage with the regeneration project in a particular area, because, apart from anything else, times are so tight. Where regeneration happens, I want it to make a thumping great difference to the prospects of that community. So, this is not about cosmetics; it is about fundamental questions being answered, and connectivity and transport are at the centre of that.

[101] **Nick Ramsay:** Minister, I would like to ask you about the Design Commission for Wales. What proportion of your department's proposals for development is currently referred to that service?

[102] **Huw Lewis:** I might have to turn to officials for a more comprehensive list. I know that, once again, Swansea leads the way. The co-working between the Swansea urban village

and the design commission has been very important, and has led to some good results. This comes back to the word 'quality'. People will be able to touch and feel the quality of the urban village development there. I understand that there have also been good conversations with the design commission in Barry. I will turn to my officials for more inspiration.

[103] **Mr Warner:** We can get you a list of the proposals that have gone to the design commission. I guess that it is worth reflecting that, in many cases, these are not our projects or projects that we are leading on. So, the referral would not come from us; it would probably come from a local authority partner or a housing association, for example. However, where we are involved in projects like the Premier Inn investment in Barry and the urban village in Swansea, we strongly encourage the design commission to be used and feed in to the scheme.

[104] **Nick Ramsay:** If you could provide us with that information, it would be very helpful. I would like to make a final point on this question. Your paper mentions the 'Public Realm Design in the Heads of the Valley: Good Practice Guide'. Do you have any plans to work with local authorities to produce a similar document for other areas of Wales?

[105] **Huw Lewis:** I do not know whether that is on the cards. Has any development work gone into that?

[106] **Mr Roberts:** It varies across each regeneration area. In Aberystwyth, for example, we have a public realm strategy for the town centre and we have also produced design guidance for the property improvement programme that we have in the town.

[107] **Ms Thomas:** On the general design issue, I will pick up the point about the public realm. We have a technical advice note that deals with design, TAN 12. There is a section in that about the importance of the public realm. So, there is generic guidance as well as the specific guidance that local authorities may produce.

[108] **Huw Lewis:** I think that we have a TAN for everything.

[109] **Ms Thomas:** I think that we have.

[110] **Huw Lewis:** When in doubt, break glass for the TAN. *[Laughter.]*

[111] **Nick Ramsay:** We will put that into the report, Minister.

[112] **Eluned Parrott:** Minister, I would like to ask about key performance indicators and approaches to evaluation. The committee has heard from the Centre for Regeneration Excellence in Wales that, historically, there has been a lack of agreed KPIs to measure the success of town-centre regeneration projects. Do you agree with this assessment? If so, why do you think that that has been the case?

[113] **Huw Lewis:** CREW has a point and I think that it could be part of the answer. I have had conversations on this point and I have asked whether CREW might act as a partner to work with us to ensure that this problem is solved as we move forward, particularly as we move into this more intensive regime. It will be very important, as we go along, to learn what works best and so on. I do not think that it is my place to answer for my predecessors in terms of how this was done or how we got to this place, but, certainly, there is a role for CREW, and I bet that there is a TAN on this. Yes, I see that there is; it says here that it is TAN 4.

[114] **Ms Thomas:** Yes, in TAN 4 on retail, paragraph 5 talks about the information—

[115] **Nick Ramsay:** This is the march of the TANs, is it not?

[116] **Ms Thomas:** Yes. There is a section talks about the key indicators that should be used when looking at the success or otherwise of town centres. I refer you to that part of TAN 4.

[117] **Eluned Parrott:** Does the Welsh Government currently use the indicators in that TAN to evaluate the impact of its regeneration schemes?

[118] **Huw Lewis:** As I said, CREW has a point, and we will certainly have an understood and transparent regime for ensuring that that happens as we move toward a more intensive form of regeneration.

[119] **Alun Ffred Jones:** Hoffwn gyfeirio at yr astudiaethau cymeriadu sydd wedi'u gwneud gan Cadw. Pa ran all yr astudiaethau hyn ei chwarae wrth adfywio canol trefi? A ddylid eu defnyddio yn fwy eang ar draws Cymru?

Alun Ffred Jones: I wish to refer to the characterisation studies undertaken by Cadw. What part can these studies play in the regeneration of town centres? Should they be used more widely across Wales?

[120] **Huw Lewis:** I am hugely enthusiastic about the studies. The simple answer to your question is 'yes'; they should be an automatic part of the process to ensure a sense of place. There is no community in Wales that does not have a heritage of which to be proud, one that presents an opportunity to address questions around quality and engaging people in wanting to visit town centres. We need an agreed protocol involving CREW, Cadw and the Design Commission for Wales to avoid duplication and to ensure that people at the sharp end of regeneration work in a town centre know to whom they should turn. They need to know what is expected of their work and that the heritage aspect of a town centre is right up there in the top three objectives for regeneration. We are no longer in the business of 1960s-style regeneration—or 1980s in Merthyr—where we regenerate things by knocking them down. Let us not regenerate with a demolition ball; that is of critical importance.

[121] Apart from anything else, this is also an opportunity for my entire portfolio to come together as one around an issue; heritage, housing and regeneration all have parts to play in a community. Heritage characterisation is a critical part of having a genuinely bespoke solution for a community. I will be asking CREW, the Design Commission for Wales and Cadw—with CREW taking the lead in this instance—to sort out who does what and what services can be offered to whichever team is taking forward a regeneration project in a particular town centre.

[122] **Alun Ffred Jones:** Braf iawn yw clywed eich brwdfrydedd. A oes gennych gynlluniau, felly, i gomisiynu rhagor o'r astudiaethau cymeriadu hyn yn y dyfodol?

Alun Ffred Jones: It is good to hear of your enthusiasm. Do you have any plans, therefore, to commission further characterisation studies in future?

[123] **Huw Lewis:** Yes; I can think of several examples that I would like to get on with immediately. I am reinforcing this in conversations with officials, partner organisations and others. There are implications in terms of how I would like to profile regeneration spending and also housing spending. Our renewal areas—investment, for instance—ought to have a strong element of characterisation attached to them. Most of the communities in Wales are older, and most of our buildings are older. Without understanding the potential that could be unleashed by that sort of built environment, we only do half a job. Some communities have stunning world-class built heritage assets. There is not one community where we have really tapped into the social and economic potential that some of those heritage assets contain. However, they never stand in isolation. The community around them and the way that the community relates to that piece of built heritage is also crucial. The study is necessary because everywhere is different and there is huge potential to be unleashed.

12.30 p.m.

[124] **David Rees:** I am pleased to hear what you are saying about that, particularly as regards maintaining heritage. I am assuming that you would expect to see that in local development plans, because that is an important aspect of the development of any area. What powers do you have ensure that town-centre regeneration does not demolish existing towns, as happened in the 1960s and 1970s?

[125] **Huw Lewis:** I will have to turn to Rosemary about the specifics of powers.

[126] **David Rees:** Is there a TAN?

[127] **Ms Thomas:** There is probably primary legislation about what can and cannot be demolished. Again, it is through the powers of the local planning authority, in the first instance. It goes back to the local authorities' development management functions.

[128] **Huw Lewis:** Of course, there are listing regimes. Local listing regimes are underutilised—or not utilised at all.

[129] **David Rees:** I agree: they are underutilised. I have another question on that, but I will not ask it here.

[130] **Nick Ramsay:** Finally, on an earlier question by Joyce Watson about the amounts allocated historically by the WDA prior to the merger with the Welsh Government, I may have missed the bones of the answer, but could you and your officials provide that information, if you have it? That would be useful.

[131] **Huw Lewis:** I think that we would need to write to you about that.

[132] **Alun Ffred Jones:** Is this about the Cardiff bay allocation?

[133] **Keith Davies:** No, it is about grants and the WDA.

[134] **Alun Ffred Jones:** Could you provide information about the allocation to Cardiff bay? It is about £8 million, which goes to Cardiff Council now. It would be useful to know what that pays for.

[135] **Huw Lewis:** We will get you a full breakdown on that.

[136] **Nick Ramsay:** I thank Huw Lewis, the Minister for Housing, Regeneration and Heritage, Steffan Roberts, Rosemary Thomas and Chris Warner for coming to today's session. Thank you for your answers—you were succinct and the information provided was useful and we will feed it into our inquiry.

[137] **Huw Lewis:** Thank you, Chair. No-one has ever called me succinct before, so I will take that away with me.

[138] **Nick Ramsay:** I officially close the meeting.

*Daeth y cyfarfod i ben am 12.32 p.m.
The meeting ended at 12.32 p.m.*