Agenda - Pwyllgor yr Economi, Seilwaith a Sgiliau

Lleoliad:

Ystafell Bwyllgora 1 - Y Senedd

Dyddiad: Dydd Iau, 7 Mawrth 2019

Amser: 09.30

I gael rhagor o wybodaeth cysylltwch a:

Gareth Price

Clerc y Pwyllgor

0300 200 6565

SeneddESS@cynulliad.cymru

Rhag-gyfarfod preifat (9.30-9.40)

1 Cyflwyniad, ymddiheuriadau, dirprwyon a datgan buddiannau

2 Papurau i'w nodi

(Tudalennau 1 - 8)

Dogfennau atodol:

EIS(5)-07-19(P1) Llythyr gan yr Adran Drafnidiaeth at y Pwyllgor (Saesneg yn unig)

EIS(5)-07-19(P2) Llythyr gan Asiantaeth Cefnffyrdd Gogledd a Chanolbarth Cymru (Saesneg yn unig)

EIS(5)-07-19(P3) Llythyr at Ofcom gan y Cadeirydd

3 Rhwystrau sy'n wynebu cwmnïau bach sy'n adeiladu cartefi: Cwmnïau mawr sy’n adeiladu cartrefi

(9.40-10.40) (Tudalennau 9 - 30)

Tim Stone, Rheolwr Gyfarwyddwr, Redrow De Cymru

Jane Carpenter, Cyfarwyddwr Cynllunio, Redrow De Cymru

Daryl Jones, Pennaeth Tir, Persimmon Dwyrain Cymru

Mark Harris, Cynghorwr Cynllunio a Pholisi Cymru, Home Builders Federation

Dogfennau atodol:

EIS(5)-07-19(P4) Papur Briffio’r Gwasanaeth Ymchwil (Saesneg yn unig)

EIS(5)-07-19(P5) Ymateb gan Home Builders Federation (Saesneg yn unig)

Egwyl (10.40-10.50)

4 Rhwystrau sy'n wynebu cwmnïau bach sy'n adeiladu cartefi: Cynllunio

(10.50-11.50) (Tudalennau 31 - 36)

Ian Stevens, Fforwm Polisi ac Ymchwil, Royal Town Planning Institute Cymru

Gareth Davies, Cyfarwyddwr Datblygu, Coastal Housing (yn cynrychioli Cartrefi Cymunedol Cymru)

Simon Gale, Cynllunio Cyfarwyddwyr Gwasanaethau, Cyngor Sir Rhondda Cynon Taf

Dogfennau atodol:

EIS(5)-07-19(P6) Ymateb gan Royal Town Planning Institute Cymru (Saesneg yn unig)

EIS(5)-07-19(P7) Ymateb gan Cyngor Sir Rhondda Cynon Taf (Saesneg yn unig)

5 Rhwystrau sy'n wynebu cwmnïau bach sy'n adeiladu cartefi: Dŵr Cymru

(11.50-12.20) (Tudalennau 37 - 39)

Ian Wyatt, Cyfarwyddwr Gwasanaethau Cwsmeriaid Busnes, Dŵr Cymru

Dogfennau atodol:

EIS(5)-07-19(P8) Ymateb gan Dŵr Cymru

6 Cynnig o dan Reol Sefydlog 17.42 i benderfynu gwahardd y cyhoedd o eitem 7 a 8

Ôl-drafodaeth breifat (12.20-12.25)

7 Papur cwmpasu: Papur Gwyn Gwella Trafnidiaeth Gyhoeddus

(12.25-12.30) (Tudalennau 40 - 43)

Dogfennau atodol:

EIS(5)-07-19(P9) Papur cwmpasu: Papur Gwyn Gwella Trafnidiaeth Gyhoeddus

8 Adroddiad Drafft: Achosion o Darfu ar y Rheilffyrdd yn yr Hydref

(12.30-12.45) (Tudalennau 44 - 77)

Dogfennau atodol:

EIS(5)-07-19(P10) Adroddiad Drafft: Achosion o Darfu ar y Rheilffyrdd yn yr Hydref

Department for Transport

From Managing Director, Passenger Services
Peter Wilkinson

Great Minster House
33 Horseferry Road
London
SW1P 4DR

Tel: 0207 944 4188
E-Mail: peter.wilkinson@dft.gov.uk

Web site: www.gov.uk/dft

Our Ref:
Your Ref:

Lara Date
Second Clerk
Assembly Commission Staff
National Assembly for Wales
Cardiff Bay
CF99 1NA

29th January 2019

Dear Lara,

Evidence to the Economy, Infrastructure and Skills Committee

I understand you are the clerk in respect of the investigation by the Economy, Infrastructure and Skills Committee into the railway performance in 2018. If this is incorrect, please can you pass this on to the right official.

The Department for Transport (the Department) has examined the transcript of the evidence session held on 5th December at:

http://record.assembly.wales/Committee/5150

and on the basis that the Department was mentioned a number of times during that session, requests that it be able to submit written evidence in response.

In particular, oral evidence was presented asserting that, during the period when the railway franchise was operated by Arriva Trains Wales (ATW), rolling stock was a matter for the UK Government (which the Department does not accept) – and that failings in undertaking such responsibilities contributed to the poor performance of the railway after Transport for Wales Rail Services (TfWRS) took over in autumn 2018.

How responsibilities were divided between the Department and the Welsh Government during the ATW franchise was agreed in a Joint Parties Agreement (JPA) entered into on 16th March 2006, which became operative on 1st April 2006.

A copy of this agreement is separately enclosed which the Committee can review, but the key point that the Department would wish to highlight is that the document describes the different rights and liabilities under the ATW Franchise Agreement and that for the majority of them they are divided according to the service area, of which there were three – 'Wales-only Services' and 'Welsh Services' (i.e. those that cross the border) and 'English Services'.

The 'Assembly' (i.e. the Welsh Government) was responsible for the first two categories and the 'Secretary of State' (i.e. the Department) was only responsible for the latter. Schedule 1 lists the franchise responsibilities that are divided by area and these include 'Train Services' and 'Provision of Capacity' (i.e. rolling stock).

In addition, clause 10.1 confirms that the 'Assembly shall be responsible for the management of the Franchise…' and that a separate agreement transferred the funding attributable to Wales-only and Welsh Services to the Welsh Assembly Government from 1st April 2006. Subsequently, from 1st April 2008, this funding transfer ceased to be a matter for the Department but was built into the 'baseline' (i.e. block grant from HMT) of the Welsh Assembly Government. A copy of this funding agreement is enclosed for completeness.

This division of responsibilities in the JPA was followed in practice, as a number of changes to the ATW rolling stock fleet took place during the 12 years of the JPA, which were agreed and funded by the Welsh Government using its discretion under the devolution arrangements as it saw fit.

Finally, it is worth noting that, whilst performance can always improve, ATW was consistently one of the better performing train operators for punctuality, especially given the size of its network.

It is therefore pleasing to see that since the problems of the autumn, the efforts of TfWRS have restored its train services to their normal position of being among the best performing in the country. On 28th January, for example, TfWRS achieved 94.0% of all services arriving within five minutes of the timetabled arrival time (the ‘Public Performance Measure’). The moving average since the 5th January stood at 95.3%, with only two (much smaller) operators in the whole of Great Britain doing better than this.

I trust this information is helpful, but if yourself or the Committee require further clarification or evidence to be provided, then please contact my Deputy Director, Eddie Muraszko (eddie.muraszko@dft.gov.uk or 07769 960264). I would also be grateful to receive a copy of the Report when it is published.

I am copying this letter to Simon Jones, Director, Economic Infrastructure at the Welsh Government.

Yours sincerely,

PETER WILKINSON

Asiant Cefnffyrdd Gogledd a Chanolbarth Cymru
North & Mid Wales Trunk Road Agent

Uned Rheoli Cefnffyrdd / Trunk Road Management Unit

Gofynnwch am/Ask for: David Cooil
☎ 01286 685182
01248 674975
davidrobertcooil@nmwtra.org.uk

Ein Cyf / Our Ref: DRC/DME/nhw
Eich Cyf / Your Ref:

National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA
Email: SeneddEIS@assembly.wales

15 February 2019

For the attention of Mr Robert Lloyd-Williams
Deputy Clerk to the EIS Committee of the National Assembly for Wales Economy, Infrastructure and Skills Committee

EIS Committee Meeting 5th July 2018 - State of Roads in Wales

Dear Mr Lloyd-Williams,

I refer to your e-mail in Appendix 1 below and apologise for not corresponding with you sooner.

In relation to the evidence provided by Owens Group on 21st June 2018 and subsequently by the Trunk Road Agents to the committee, please note that we have undertaken the following actions:

a) As requested by Lee Waters AM, David Evans (NMWTRA) contacted Mike Colbourne on 13th July. It transpired that Mr Colborne had recently left the organisation and there was instead a dialogue with Mr Andy Williams, the Group Fleet Manager of Owens Group. Mr Williams was not familiar with the issues raised by Mr Colbourne in the 21st June transcript and agreed to respond after further investigation. Mr Williams responded on 30th August that he was not able to provide any example of Highways England information received and referred NMWTRA to their contact at the Road Haulage Association [RHA].
b) NMWTRA contact RHA on 30th August who confirmed that discussions had taken place with Welsh Government officials and that the scope of information required related to the provision of the publically available www.traffic-wales.com link to RHA.
c) After discussion with Welsh Government officials, a liaison meeting was arranged between RHA, Freight Transport Association [FTA], NMWTRA, Traffic Wales Service representatives and Welsh Government officials. This was held at the Traffic Management Centre, Conwy on 12th October. There was constructive discussion around existing relationships in respect of trunk road projects, streetworks, abnormal load movements and an agreement on further co-operation and

communication between the parties and South Wales Trunk Road Agent. The meeting included a visit to the control room to see Traffic Officer operations.

d) Subsequently, the Traffic Wales Service representatives and Welsh Government officials have met with the Welsh Freight Council at their meeting in Cardiff on 24th January 2019.
e) An updated Traffic Wales website has now been implemented, see www.traffic.wales/

Please do not hesitate to contact me if you require further information.

Yours sincerely,

Dave Cooil
Head of Service - Trunk Road Agency

Cc:
Mr Colin Jones & Mr James Gibson, Welsh Government
Mr Richard Jones, SWTRA

Appendix 1

From: Economy, Infrastructure and Skills Committee | Pwyllgor yr Economi, Seilwaith a Sgiliau <SeneddEIS@assembly.wales>
Sent: 05 July 2018 15:13
To: Evans David Mark (CEFNFFYRDD) <davemarkevans@nmwtra.org.uk>; Hughes Ian Kenrick (CEFNFFYRDD) <iankenrickhughes@nmwtra.org.uk>; R.W.Jones@southwales-tra.gov.uk
Subject: EIS Committee Meeting 5.07

Dear all,

Following on from this morning's meeting please find below the details of the person who gave evidence to the committee from Owens Group.

Mike Colbourne - Compliance Manager Owens Group
01554 754 465

Kind regards

Robert

ROBERT LLOYD-WILLIAMS

Dirprwy Glerc | Deputy Clerk
Pwllgor yr Economi, Seilwaith a Sgiliau | Economy, Infrastructure & Skills Committee
Cynulliad Cenedlaethol Cymru | National Assembly for Wales

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Follow us on Twitter: @SeneddEIS

EIS(5)-07-19(P3)

Eleanor Marks
Cyfarwyddwr Ofcom
Pwynt Caspian
2 Ffordd Caspian
Caerdydd
CF10 4DQ

15 Chwefror 2019

Annwyl Eleanor,

Ymgynghoriad: Dyfarnu bandiau sbectrwm 700 MHz a 3.6-3.8 GHz

Ysgrifennaf ynghylch fy llythyr blaenorol dyddiedig 24 Hydref 2018 a'ch ymateb dyddiedig 12 Rhagfyr 2018 (mae'r ddau ynghlwm) ac ymgynghoriad cyfredol Ofcom ar ddyfarnu bandiau sbectrwm 700 MHz a 3.6-3.8 GHz.

Nodaf o'r ymgynghoriad cyfredol fod y cynnig diwygiedig ar gyfer rhwymedigaeth o ran darpariaeth ddaearyddol Cymru yn parhau i fod yn 83 y cant, fel yr oedd yng nghynnig mis Mawrth. Mewn ymateb i alwadau i gynyddu'r rhwymedigaethau darpariaeth hyn yng Nghymru a'r Alban, mae Ofcom yn nodi yn y ddogfen ymgynghori bresennol: "Such an approach would significantly raise the overall cost of the coverage obligations to operators, increasing the risk that the coverage obligations go unsold".

Fodd bynnag, yn dilyn **ein gwaith** yn yr maes hwn, mae Pwyllgor o'r farn o hyd nad yw'r cynigion presennol ar gyfer rhwymedigaeth darpariaeth ddaearyddol Cymru yn ddigon uchelgeisiol. Mae mantol y dystiolaeth a amlinellir yn y ddogfen ymgynghori - sy'n cynnwys Llywodraeth Cymru, Pwyllgor Ymgynghorol Cymru Ofcom, yr NFU a Chymdeithas Tir a Busnes Cefn Gwlad (CLA) - yn cefnogi rhwymedigaeth darpariaeth uwch. Yn ôl y CLA, mae'r targedau gwreiddiol ar gyfer Cymru (a'r Alban) yn “insufficient and would reinforce and entrench economic divide between the nations”. Dylid nodi bod gan EE ddarpariaeth ddaearyddol o 83 y cant eisoes ar gyfer gwasanaethau 4G yng Nghymru, sy'n dangos cyn lleied o her yw'r targed arfaethedig o 83 y cant yn y cynigion presennol.

Mae'r cynnig i Gymru yn golygu cynnydd a fyddai’n llai na'r hyn a gynigir yn yr Alban (7 pwynt canran o'i gymharu â 12), a byddai Cymru ar ei hôl hi o hyd o ran darpariaeth ddaearyddol o'i chymharu â Gogledd Iwerddon a Lloegr. Rydym yn galw ar i Ofcom gynyddu'r rhwymedigaeth ddaearyddol ar gyfer Cymru a sicrhau darpariaeth decach ledled y DU.

Hoffai'r Pwyllgor hefyd wybod beth yw amcangyfrifon Ofcom ar gyfer a) faint o adeiladau ychwanegol a fyddai'n gallu derbyn gwasanaethau 4G yng Nghymru, a b) faint o orsafoedd ychwanegol a fyddai'n cael eu hadeiladu yng Nghymru o dan ei gynigion cyfredol.

Yn gywir,

Russell George
Cadeirydd Pwyllgor yr Economi, Seilwaith a Sgiliau

Mae cyfyngiadau ar y ddogfen hon

Evidence from the Home Builders Federation

The Home Builders Federation (HBF) is the representative body of the home building industry in England and Wales. The HBF's member firms account for some 80% of all new homes built in England and Wales in any one year, and include companies of all sizes, ranging from multi-national, household names through regionally based businesses to small local companies.

The HBF welcomes the opportunity to provide evidence to this inquiry and would firstly refer to the HBF report Reversing the decline of small housebuilders published in January 2017. Although this report did not look at the specific issues faced in Wales, it is still considered relevant as many of its findings could be applied in Wales. In summary this report concluded that the mains barriers facing SMEs are:

- **Land and Planning** – The availability of suitable housing sites, and the constant struggle of securing an implementable planning consent through a planning process beset by delays and bureaucracy, create delays and costs.
- **Finance** - Availability and terms of financing for residential development has become extremely difficult for small housebuilding companies over the past decade or so.
- **Red Tape** - Bureaucracy in the development process in addition to that directly linked to planning is a source of frustration for most housebuilders.

The report goes on to provide more detail around the issues identified above and offer a range of solutions. Although a number of these would not directly apply in Wales due to the differences in Planning and Building Regulations, the report is considered a good starting point in terms of identifying issues and potential solutions. We will, however, deal with the more Welsh specific issues along with suggested solutions below and provide answers to the suggested questions asked by the Committee.

WELSH SPECIFIC ISSUES

Land and Planning

- Although Wales has had a separate planning system to England since 2015, we have received no evidence from members that this has made it any easier for SME builders in Wales.

- The definition of major development being set at 10 dwellings means that a developer looking at a 10-unit site is required to meet the same planning requirements and submit the same raft of planning documents as a development of 100 or 1000 units. Most national house builders now concentrate on sites of more than 50 units and have the resources (often in house) to deal with the ever growing and more complex planning requirements. Raising this threshold (even just in urban areas) to 20-30 units could immediately make the planning process simpler for SMEs.

- Pre-Application Community Consultation is required on sites of 10 units or more in Wales. This process not only adds time to the planning process but is also costly, members have also advised that they have not seen any real benefit form the process and it has certainly not resulted in a quicker overall planning decision which was identified as one of the main reasons for its introduction. Raising this threshold to 20-30 units could immediately make the planning process simpler for SMEs.

- The Local Development Plan Process – Wales operates in a 'Plan Led System' and is where land suitable for housing development is identified, however, this process is considered difficult for SMEs to engage in. The current round of LDPs started in 2005 and we still don't have 100% plan coverage across Wales, with LDP's taking on average 8 years to adopt.

- LDP's in most cases do not allocate land for sites of less than 10 units and instead rely on these coming forward as 'windfall sites.' There has been a move to allocation of much larger sites and less of them with recent plans. The way in which the LDP process engages with SMEs should be considered as well as how both policies and allocation can be provided that assist SMEs.

- Although Planning fees have not increased in a number of years, many of the services such as pre-application discussions are now being charged for. Remove additional planning charges for applications below the suggested new threshold of 20-30 units

Finance

- We understand that the introduction and growth of the Development Bank of Wales and the various funding streams it offers has been seen as a positive in Wales and has helped a number of members. However, we understand that this is less likely to assist with new entrance to the house building market and is currently more geared to assisting the growth of established companies. Our understanding is that the current funds also don’t cover any of the upfront costs such as planning which are becoming a much larger proportion of the overall development costs.

- Red Tape

  - Building Regulations is the next level of bureaucracy after planning faced by developers and again is devolved to Wales. Over recent years we have seen several changes to building regulations in Wales such as Sprinklers, and SuDS which make it more complex to develop in Wales. In implementing these changes, they applied in the case of sprinklers to all houses and SuDS to all develops of two or more houses has meant that SME’s are subject to the same requirements. <u>Consider how any future changes in Building Regulations in Wales do not disadvantage Welsh Housebuilders both large and small.</u>

The HBF would also respond to the Committee’s specific questions posed in the invitation to submit comments as follows:

- <u>The availability and effectiveness of Welsh Government (and other) support and finance for small home builders</u>. – No comment other than those made about Development Bank of Wales above.

- <u>The availability of a skilled construction sector workforce</u> – Currently it is generally recognised that there is a shortage of skilled labour in a number of the key house building trades. Wales has a limited pool of labour and in both North and South Wales much of this labour has the temptation and ability to work in England as well.

- <u>Access to suitable development sites</u> - This has been covered in the planning section above. We would add that as part of HBF’s involvement in the current affordable housing review we are aware that the availability of Welsh Government (WG), Local Authority and other public sector land, has been looked at. If this review concludes that there are ways this land could become more easily available for housing development, we consider that this could apply to private SME developers as well as just for affordable housing.

- <u>The Planning system and the extent to which it actively facilitates developments by small home builders</u> - This has been covered above in the planning section above.

- <u>The dominant position of a small number of big firms</u> – We do not consider that this directly impacts on the ability of SMEs to build houses, however, indirectly it could be seen that both planning and finance are aligned to larger developers as these are currently the main providers who can deliver the much needed housing, both private and affordable, in Wales.

In terms of understanding the proportion of new housing in Wales currently delivered by small house builders, including consideration of the following areas the HBF would make the following comment:

- The impact of Help to Buy Wales - Help to Buy Wales has been a major driver in the delivery of new Homes since its introduction in 2014 and has been responsible for around 32% of the new private homes delivered. HBF understands that over 100 companies registered to use the scheme and we are not aware of any reasons why SME's builders could not use the scheme.
- The potential impact of increasing the proportion of new housing in Wales delivered by small home builders – HBF are not aware of any issues that this would result in and consider there are many positives such as the likelihood of more of the economic benefit created by house building being recirculated in the Welsh Economy.
- The extent to which small home builders are involved in the delivery of affordable housing (including the impact of current procurement rules) – Although the HBF is not in a position to provide a response to this question., we note that the most recent WG statistics indicate that private sector housing delivers a third of the affordable housing delivered last year in Wales.

CASE EXAMPLE

We would also like to provide the Committee with the following case example provide by one of HBF's members which helps to highlight a number of the issues identified above:

The company started trading in 1995 undertaking small housing developments and employing typically three or four people, being totally reliant on subcontract labour and outsourcing professional services. In the early 2000s we developed planning expertise and concentrated on securing Option Agreements and bringing larger sites through the planning and appeal process. Whilst we developed some of these sites, primarily we sold sites on to other house builders. Over the following ten years there became more emphasis on the company building sites out as the availability of working capital and funding opportunities grew. By 2013 we were building approximately 60 dwellings per year and employed in the region of 50 site/office staff. Whilst some were on a subcontract basis many trades had worked solely for the company over several years and were totally dependent of our house building programme. We were seen as a reputable local company and only developed in the one County sourcing local labour, materials and professional services. Most of our £12M turnover was spent in the immediate local area. 2014/15 saw the company pushing for growth as there was great demand for our product. The fact that most of the land allocated in the Councils LDP was not genuinely available was not ideal, but as there were other contingency and reserve sites available and a safeguarding position to bring other sites forward which the Council felt were suitable to meet acute local needs and to rectify an identified housing land shortage.

We secured a number of sites through option agreements and submitted three planning application in 2015/16 for approximately 250 houses. These were either allocated in the LDP or earmarked as being suitable for development should there be a need.

The planning applications were submitted in Nov 2015, July 2016, and Nov 2017. The sites were seen as a catalyst for growth with the following aims.

- To increase productivity from 60 dwellings per year to 120
- To increase turnover from £12M per year to £25M
- To develop new headquarter offices and expand the business outside the County.

We obtained a strong funding line with a high street bank which reflected our good performance with them for over ten years. We developed our new headquarter offices and built a strong team to take the company forward. Our existing land supply was predicted to be developed with final completions in March 2018. We had every reason to expect that the planning applications submitted in 2015/16 and 17 would bring productivity forward and grow the company as planned. However substantial planning delays meant that we only received consent for two of the sites in Oct 2018. The third site which was submitted to the Council in July 2016 (2.5 years ago) has ended up at appeal and has been in the hands of the Planning Inspectorate for 15 months. We understand this time scale is partly due to a number of considerable changes in planning legislation [temporary dis-application of para 6.2 of TAN1 and the publication of PPW10] which we could not have planned for.

Typical of many SMEs, we do not hold land ready for development and cannot risk relying on wholly speculative developments as we have to plan and obtain planning consents in a sequential manner. We consider that we did everything correctly and therefore pursued sites that were either allocated or which the Council had positively steered us towards due to the land shortage in the County.

All three sites were subjected to substantial and unnecessary delays, particularly in relation to unreasonable Highway requests and delays. A consequence of this was that the company will have no house completions and money from sales from March 2018 to June 2019 (15 months) despite the company gearing up for growth based on reasonable assumptions on planning consents coming forward. This has been particularly damaging not only in terms of our growth plans but also in terms of threatening the survival of the company going forward. We have had to make redundancies, but many other trade companies have had to considerably cut back their workforce. The main consequences are:

- Over thirty jobs have been lost over the last 18 months due to the delays. These include three local apprentices as we are now unable to meet their placement conditions.
- Losses from our capital reserves over that period exceed £1M. As a consequence, we have lost our well established and essential funding line.
- We are forced to look further eastwards to build where the planning and other issues are less cumbersome and onerous. The last four years has seen two local housebuilders contract their activities in this County.

Our experience/plight is similar to many SMEs where they are reliant on local Councils to allocate and grant consents on land which is genuinely available and in a timely manner. The entire system continues to become more onerous and it is extremely difficult for SME housebuilders to survive and almost impossible for new housebuilding companies to start up as the need for expensive expert and specialist services to submit schemes for even small-scale developments is increasing. It would be useful to raise the threshold of major sites to say 25 houses below which the process should be much less onerous. Similarly, there should be a streamlined system for allocated sites.

Evidence from Royal Town Planning Institute Wales

The Royal Town Planning Institute (RTPI) is the largest professional institute for planners in Europe, representing some 25,000 spatial planners. RTPI Cymru represents the RTPI in Wales, with 1,100 members. The Institute seeks to advance the science and art of spatial planning for the benefit of the public. As well as promoting spatial planning, the RTPI develops and shapes policy affecting the built environment, works to raise professional standards and supports members through continuous education, training and development.

The response has been formed drawing on the expertise of the RTPI Cymru Policy and Research Forum which includes a cross section of planning practitioners from the private and public sectors and academia from across Wales.

As referenced in the Inquiry papers, many SMEs were impacted by the recession around 10 years ago and the number of smaller house builders has not returned to housebuilding to what is was since. Recently there has been much discussion and research on the importance of SMEs in the delivery of housing and around the barriers facing such companies from engaging in the process across the UK.

A skills shortage within the construction industry and access to finance were found to be significant issues for SMEs looking to engage in house building, highlighted in Federation of Master Builders (FMBs) House Builders' Survey 2018.

We are aware of the Welsh Government loan funding announced in May 2018 aimed at supporting small and medium sized builders to unlock stalled sites across Wales. "Research in 2015 suggested there were potentially 7,600 homes on nearly 400 sites across Wales, where progression has been halted for a wide range of reasons, from pre development works and economic viability, to challenges in securing affordable funding. These are known as stalled sites, most of which are suitable for the SME sector to develop. Stalled sites could be unlocked through investment and support at an early stage, such as groundwork, infrastructure improvement or simply assisting with cash flow."

https://gov.wales/newsroom/housing-and-regeneration/2018/180523-up-to-160m-to-unlockstalled-sites-for-sme-house-builders04/?lang=en

In response to the Committee's Inquiry, RTPI Cymru can provide an overview of planning in Wales. The role of planning is to direct the right development to the right places and to plan for the long term. To encourage the delivery of housing in areas of need, partnership working is required amongst all stakeholders, including public sector, financial sector, statutory agencies and Government, working together to bring forward developments.

The planning system and the extent to which it actively facilitates developments by small home builders has been of much discussion recently and is one of the focuses of this inquiry.

Our research into rural housing delivery in Wales, focused on rural exception site policy and made the following observation: The "rise of volume house builders has created difficulties for the development of self-build, and more broadly smaller sites as might be identified in rural exception sites. There are particular financing challenges in borrowing smaller amounts for what are seen as riskier projects as well as lack of skilled tradespeople in construction, increasing materials costs and underperforming utility companies were all identified as making housebuilding in rural areas less attractive. … Viability for rural exception sites is typically impacted on by dealing with waste, utilities instalment and costs of planning and building approvals, increased technology in housing requiring specialist installation teams to visit remote rural locations. As a result it is argued that the system disadvantages smallerscale house builders that would often be the ones to bring housing forward in rural areas."

However, we are not convinced that the planning system alone places obstacles in the way of small builders. As discussion and research have shown, obstacles can be found in many other areas, such as the markets for buying and selling land, and for buying and selling houses, and in terms of social housing in procurement practices. The provision of infrastructure is another example, "delivering infrastructure is often harder to do if you have a spray of smaller sites than if you have one big one. On the large sites there have been some very impressive deliveries of infrastructure, which have come as a consequence of economies of scale." https://www.theplanner.co.uk/news/report-small-builders-call-forurgent-stimuli-to-survive

The recently revised national planning policy has recognised the need to support small home builder. Planning Policy Wales (edition 10) recognises the vital role that planning has to play in facilitating developments by small home builders, paragraph *4.2.13* states "To assist in broadening the housing delivery options and enable the provision of housing by RSLs, SMEs and the custom and self-build sector, planning authorities should set a locally determined target for the delivery of housing on small sites. To facilitate this, planning authorities should maintain a register of suitable sites, which fall below the threshold for allocation in their development plan. Planning authorities should also work with developers to encourage the sub-division of large sites where this could help to speed up the delivery of homes. … When promoting self-build and custom build development, planning authorities must consider all relevant policy options including the use of Local Development Orders (LDOs) and site specific design codes to simplify the planning process and enable housing development to be brought forward more quickly".

The need to provide a range of different sized sites with different characteristics is recognised within planning. The market for small retirement homes close to facilities, larger family homes with gardens, small clusters of homes in villages etc will all potentially attract different builders, often small scale and local housing providers. While small firms working on infill / rural exception sites etc can make a good impact on delivering sites.

The skill set around understanding viability within LPAs and other stakeholders could be improved, but this requires open dialogue and partnership working between all stakeholders. Many LPAs already proactively engage with SMEs, running initiatives such as Builders Breakfasts and most have useful Supplementary Planning Guidance, for example Rhondda Cynon Taf. The register of small sites required by national planning policy will prove an additional useful resource in identifying potential smaller sites for SMEs and opening dialogue between parties.

Given that Local Development Plans (LDPs) are prepared at the scale of the LPA, it is inevitable that they will have more of a focus, although not exclusively, on larger scale developments to meet housing targets. Place Plans, however, at the scale of the smaller settlement, may be a more suitable medium for bring smaller sites forward, and while there is progress in their preparation, it remains patchy. Place Plans could facilitate more opportunities for smaller builders, although this activity would need to be resourced appropriately by LPAs.

There is no doubt that for some smaller builders negotiating their way through the planning system could be a challenge, as they are unlikely to have access to the kind of specialist support that larger house builders are able to rely on. However, as set out in national planning policy (PPW quoted above) and reflected in local initiatives, this is recognised by the planning community. In addition to what is already available, the provision of some kind of planning advisory service for smaller builders, might represent a key step in giving smaller builders the confidence to bring schemes forward.

RTPI Cymru have long argued for adequate resources, for planning to be able to deliver. In particular we have called for moves to allow LPAs to achieve full cost recovery from development management services to enhance planning service delivery. By ring fencing income from planning fees, planning services could be more effectively resourced to develop planning services and provide support.

Evidence from Simon Gale, Director Prosperity and Development Services, Rhondda Cynon Taf Council Planning

The challenge across South East Wales

- The need to respond to housing demand is relentless
- There is a gap between supply and demand, across all tenures
- Big builders and the ‘snow line’
- Large stalled sites / post-industrial legacy of sites
- The ‘demise’ of SMEs building houses

RCT Study into stalled sites

There is no overriding reason why sites become stalled:-

- Topography;
- The need for up front infrastructure;
- Contamination on brownfield site and “Abnormals” particularly from past coal mining;
- Personal reasons
- Too may risks not being quantified to give confidence to invest;
- Multiple land ownerships;
- Access to finance;
- No experience in making a planning application.
- Existing site values

There are some emerging broad themes.

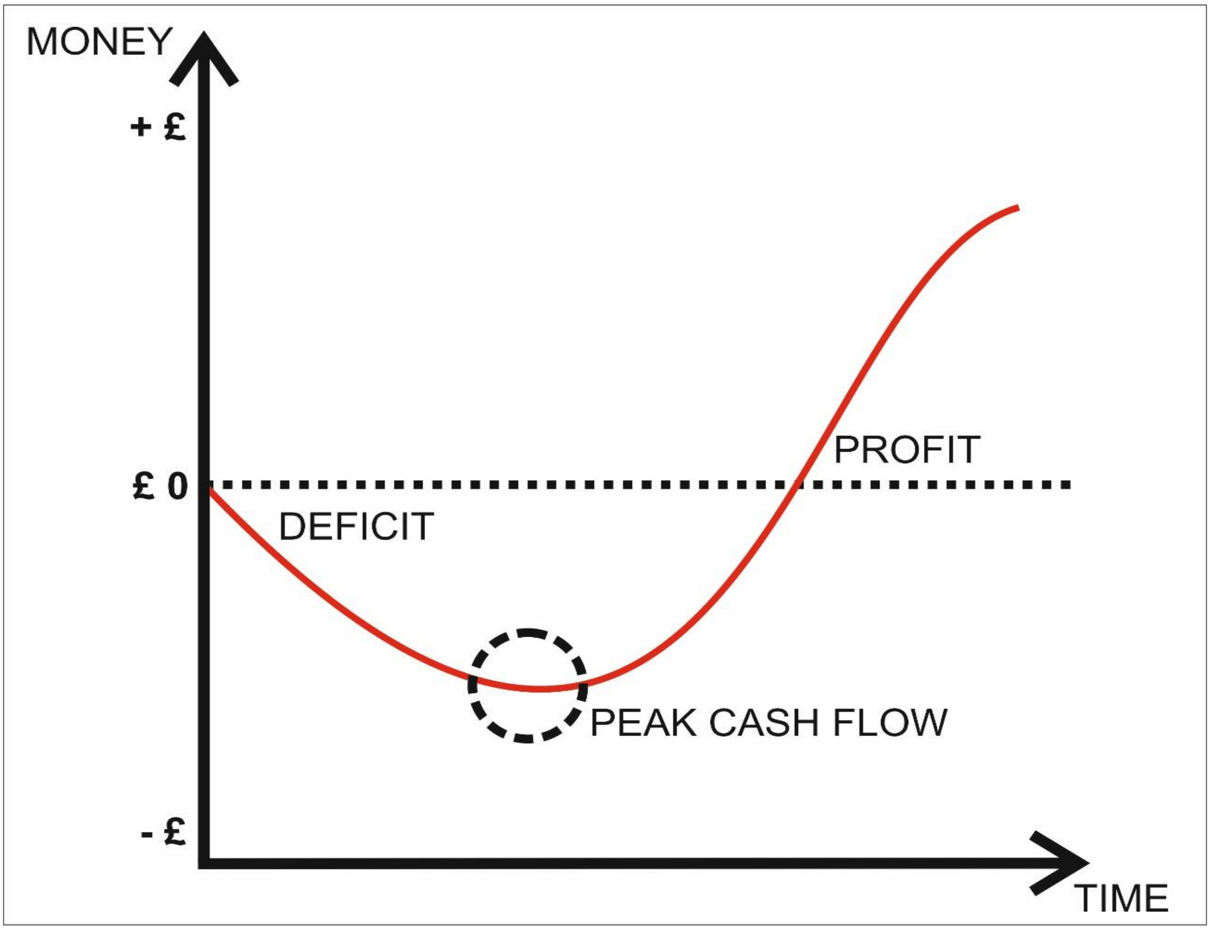
- Some sites, particularly in the valleys are simply **unviable** because the cost of developing them is more than the current revenue.
- Small sites, which historically would have been built out by small, local builders have stalled because those small companies are struggling to **access finance**.
- **Risk** of the unknown is a barrier to investment in marginal sites.
- There are a number of sites that on paper are viable but need considerable upfront investment so that **cash flow** becomes a barrier.

Peak Cash Flow (see table 1 below)

- Key issue arising out of the viability study.

- Not usually picked up in traditional approaches to viability where the focus is on residual land value and profitability.
- Major issue for SME builders.

Table 1



Potential Solutions

- Maximising existing finance opportunities including Development Bank of Wales
- Joining up Landowners with SME developers
- Plot Shops
- Guiding SMEs through the planning system
- De-risking sites

Ymateb gan Dŵr Cymru

Diolch i chi am y cyfle i gyflwyno tystiolaeth i ymgynghoriad y Pwyllgor ar rwystrau sy'n wynebu cwmnïau bach sy'n adeiladu cartrefi.

Sylwadau Dŵr Cymru Welsh Water, yr ymgymerydd dŵr a charthffosiaeth statudol sy'n cyflenwi dros dair miliwn o bobl yng Nghymru a rhai ardaloedd cyfagos yn Lloegr, yw'r rhain. Rydym ym mherchnogaeth Glas Cymru, cwmni un pwrpas, nid-er-rhanddeiliaid. Rydym yn darparu gwasanaethau cyhoeddus hanfodol ar gyfer ein cwsmeriaid trwy ddarparu eu dŵr yfed, a chludo eu dŵr gwastraff a delio ag ef mewn ffordd gynaliadwy wedyn. Mae ein gwasanaethau'n hanfodol hefyd i ddatblygiad economaidd cynaliadwy Cymru, ac mae adroddiad annibynnol gan Ysgol Fusnes Caerdydd yn awgrymu ein bod ni'n cyfrannu rhyw £1 biliwn y flwyddyn at economi Cymru.

Un o gyfrifoldebau allweddol Dŵr Cymru yw cynorthwyo pob math o ddatblygiad economaidd, gan gynnwys darpariaeth tai newydd. Mae ein record yn dangos ein bod ar flaen y gad yn y diwydiant am ddarparu holl gwmpas y gwasanaethau sydd eu hangen ar ein cwsmeriaid datblygu, a ni yw'r Cwmni Dŵr sy'n perfformio'r gorau yng Nghymru a Lloegr yn ôl Lefelau Gwasanaethau Datblygwyr WaterUK ers iddynt gael eu cyflwyno yn Ebrill 2015. Mae arolygon annibynnol a gyflawnwyd gyda'n cwsmeriaid datblygu'n cadarnhau ein bod ni'n parhau i wella ansawdd, ymatebolrwydd a gwerth ein gwasanaethau flwyddyn ar ôl blwyddyn gyda lefelau uchel o foddhad cwsmeriaid, ar lefel o 86%, ac ymddiriedaeth ar lefel o 89%. Rydyn ni'n cynorthwyo mwy na 99% o'r holl dai newydd sy'n destun ceisiadau cynllunio, ac ni fyddai hynny'n bosibl heblaw am ein buddsoddiad uwch nag erioed o £1.7 biliwn yn ystod y cyfnod buddsoddi cyfredol (2015 – 2020).

Darpariaethau Deddf y Diwydiant Dŵr 1991 yw'r prif ddarn o ddeddfwriaeth sy'n llywodraethu ein rôl wrth gynorthwyo gwaith cwsmeriaid datblygu.

Rydyn ni'n cysylltu tua 7,500 o eiddo newydd â'n rhwydweithiau dŵr a dŵr gwastraff bob blwyddyn, ac rydyn ni'n gwerthfawrogi bod ein cwsmeriaid datblygu'n wynebu pob math o sialensiau. Dyna pam ein bod ni'n gwneud ein gorau glas i sicrhau ein bod ni'n cynnig gwasanaeth sy'n bodloni ac yn rhagori ar eu disgwyliadau, ac rydyn ni'n falch o'r canlyniadau rydym wedi eu cyflawni hyd yn hyn.

Yn y cyd-destun hwn, mae hi'n bwysig nodi bod darparu seilwaith dŵr a charthffosiaeth newydd i wasanaethu datblygiadau newydd o bob maint yn agored i gystadleuaeth i raddau helaeth, ac mae hynny'n caniatáu i gwsmeriaid ddatblygu ddewis pwy fydd yn gosod eu seilwaith. Wedyn mae cwsmeriaid datblygu'n rhydd i gymharu ein costau ni â chostau eu gosodwr/wyr eu hunain, a phenderfynu pwy y maent am ei ddefnyddio, boed hynny'n ni, yn gontractwr allanol neu'n ddarparydd hunan-osod. Mae ein holl gostau ar gyfer darparu unrhyw wasanaethau ar gyfer cwsmeriaid datblygu'n seiliedig ar ddull o weithredu sy'n adlewyrchu'r costau, ac mae Deddf y Diwydiant Dŵr 1991 yn ein gwahardd yn benodol rhag gwneud unrhyw elw am ddarparu unrhyw un o'r gwasanaethau statudol yma.

Nid yw'r dewis y mae'r cwsmer datblygu'n ei wneud o ran pwy fydd yn gosod y seilwaith newydd yn effeithio dim ar ein ffocws o ran sicrhau bod yr asedau newydd yn cael eu dylunio a'u hadeiladu yn ôl safonau perthnasol y diwydiant. Yn ogystal â diogelu iechyd y cyhoedd ar gyfer ein cwsmeriaid, mae hyn yn sicrhau y bydd yr asedau'n para oes, gan atal rhwymedigaethau ariannol cyn pryd i gwsmeriaid sy'n talu biliau yn y dyfodol. Rydyn ni'n hwyluso hyn trwy ddefnyddio rhwymedigaethau contractiol (ariannol) priodol gyda'n cadwyn gyflenwi, neu lle bo'r cwsmer datblygu'n dewis defnyddio eu gosodwr eu hunain, rhoddir gwarant ar waith, a hynny fel rheol ar ffurf bond gan sefydliad ariannol.

Mae Deddf y Diwydiant Dŵr 1991 yn pennu gofynion cyfarwyddol o ran sut i fynd ati i godi tâl am seilwaith dŵr a charthffosiaeth mewn perthynas â datblygiadau newydd, ond ar ôl i Lywodraeth Cymru gyhoeddi'r “Canllawiau Codi Tâl i Ofwat mewn perthynas â Thaliadau Datblygu, Taliadau Cyflenwi Swmp a Thaliadau Mynediad”, mae Ofwat (rheoleiddiwr y diwydiant dŵr) wedi ymgynghori ar newidiadau arfaethedig i'r trefniadau ar gyfer codi tâl yn ddiweddar.

Er mwyn bod yn agored ac yn onest gyda'n cwsmeriaid, rydyn ni bob amser wedi ymarfer dull gweithredu ‘llyfr agored' lle gall cwsmeriaid datblygu archwilio'n fanwl sut rydyn ni'n mynd ati i bennu'r costau ar gyfer eu datblygiad. Mae mecanweithiau apelio ar gyfer y mwyafrif o'r gweithgareddau hyn ar gael i gwsmeriaid datblygu fel y gall Ofwat, rheoleiddiwr y diwydiant dŵr sydd â phwerau helaeth yn y maes yma, ymchwilio, a dod i gasgliad o ran a yw cwmni dŵr yn gweithredu mewn ffordd briodol, ac a ellir cyfiawnhau'r taliadau perthnasol. Er taw ychydig iawn o apelau i Ofwat a gafwyd gan gwsmeriaid datblygu mewn perthynas â Dŵr Cymru, ac mae'r rhain yn dyddio nôl tipyn, nid yw Ofwat erioed wedi dod i'r casgliad bod ein costau wedi bod yn afresymol.

Yn nhermau costau o'r bron, mae Deddf y Diwydiant Ddŵr 1991 yn gosod gofyniad cyfreithiol ar gwsmeriaid datblygu i dalu'r rhan fwyaf o'r taliadau sy'n berthnasol i gwmnïau dŵr o'r bron. Gofynnir am y taliadau hyn i roi pwerau cyfreithiol i ni (er enghraifft i gyflwyno hysbysiad i fynd ar dir i osod prif bibellau dŵr neu garthffosydd newydd ar dir trydydd parti) fel y gallwn gyflawni'r gwaith y mae'r datblygwr wedi ei geisio gennym. Fodd bynnag, dylid nodi bod rhai taliadau'n daladwy ar ôl darparu'r gwasanaeth.

Rydyn ni wedi gweithio’n eithriadol o galed i sicrhau bod y gwasanaethau a ddarparwn ar gyfer cwsmeriaid datblygu ar flaen y gad yn y diwydiant, a’u bod yn effeithlon ac yn hollol dryloyw. Rwy’n gobeithio y bydd y dystiolaeth yma’n bwydo eich dealltwriaeth am ein dulliau o weithio gyda chwsmeriaid datblygu a’r gofynion a’r rheoliadau cyfreithiol sy’n bwydo ac yn arwain ein gwaith. Os oes arnoch angen rhagor o wybodaeth, croeso i chi gysylltu â ni.

Eitem 7

Mae cyfyngiadau ar y ddogfen hon

Eitem 8

Mae cyfyngiadau ar y ddogfen hon