

Welsh Governments Public Accounts and Public Administration Committee

Response by Carmarthenshire County Council September 2022

Further to the publication of the Auditor General for Wales's report, Regenerating Town Centres in Wales (September 2021), and the request for written representations to the Welsh Government Public Accounts and Public Administration Committee, please find below Carmarthenshire County Council's (CCC) response to each of the issues that the Committee intend to consider.

National Policy and legislation that is critical to the regeneration of towns to enable them to thrive and survive

CCC works closely with the Welsh Government's regeneration team and is fully aware and supportive of the Town Centres First Policy. Although Welsh Government funding and support is welcomed, the relative scale of funding for the current needs of our town centres is limited.

Recently Welsh Government have introduced the Transforming Towns programme which has widened the scope of eligible regeneration activities in the town centres. This is fully welcomed by CCC, and Welsh Government Regeneration Officers are very receptive and open to dialogue on activities that may fall outside the guidelines, which again is welcomed.

One of the barriers to regenerating town centres is the cost of bringing back into use empty properties. Often town centre buildings are in a poor state of repair and need significant investment to repurpose them, with costs often being much more than the building's final value. This market failure requires public intervention. With public sector owned town centre property assets, a political decision can be made to invest even though the end product is worth less than what it has cost to regenerate. However, when it is the private sector leading a regeneration project then they most often need to secure grant aid to proceed. One issue that is stifling private sector town centre investment is the Subsidy Control Allowance (Formerly known as State Aid). This limits the public sector to only be able to provide up to 45% grant aid. We have had experiences where the funding gap on projects - i.e. the difference between cost of delivery and end value - to be more than 60%. The intervention gap is likely to widen whilst current inflationary pressures continue to exist. Recipients of Transforming Town funding are required to provide security in terms of the value of the property which is often not sufficient to cover the grant. We have experience of the security requirement acting as a deterrent for investment. It would be beneficial if the committee could explore options to see if the intervention rates could be increased and flexibility could be provided on security requirements to stimulate private sector interest in our town centres.

The recently introduced flexibility from Welsh Government that allows a forward commitment of multi-year funding is a significant step forward and allows local authorities and partners to programme and plan. We do, however, consider that the level of funding available from Welsh Government to regenerate our town centres needs to increase if town centres are going to be truly reinvented and transformed. This is particularly so if there is an

expectation (that we fully support) that projects should include measures to support net zero carbon ambitions, as this will inevitably lead to increased project costs. Current inflationary pressures in the construction market are causing projects to be put on hold or scaled back, in the absence of availability of additional funding support.

Welsh Government has invested time supporting local authorities to develop proposals for bringing back into use vacant and underutilised town centre properties that have a negative impact on our town centres. The loan funding linked to this initiative, along with the training and specialist support that has been provided, has been embraced. It would, however, be beneficial if an element of the funding identified could support with internal LA resource to prioritise enforcement within the town centres. Welsh Government's Town centre planning policy is adopting a more flexible approach to land use in town centres to stimulate investment. We support this approach and have introduced Local Development Orders (LDOs) in our Primary Town Centres of Ammanford, Carmarthen and Llanelli over recent years to try and stimulate further private sector investment into our town centres, reducing vacancies and creating more diverse highstreets with a mix of uses. We are actively encouraging residential use in our town centres to support diversification of uses, such as leisure and public services by bringing peoples closer to this activity.

Our diversification approach is supported by amendments to permitted development rights that were introduced during the Covid pandemic, providing additional flexibility to businesses to explore the feasibility of a high street presence without the need to attain planning consent. The recent consultation on establishing these permitted development rights permanently would align with changes to national planning policy, as set out in Planning Policy Wales and Technical Advice Note 4 - Retail and Commercial Development, which seek to promote vibrant town centres through the addition of other uses which complement retail. Whilst retail should be the predominant use within the primary centres we support and encourage a pragmatic approach that considers economic difficulties and higher vacancy levels to allow non-retail businesses to benefit from a high-street presence, reducing the number of vacant shop units and potentially increasing footfall. We acknowledge that some caution must be exercised to ensure that town centres do not lose their important retail role, however, through careful monitoring, and enabling local planning authorities to revoke any permitted development rights this can be addressed when needed.

We are expecting the publication of the new Technical Advice Note 15 Development, flooding and coastal erosion in June next year following the Ministerial announcement delaying its introduction. We recognise the locational impacts arising from flooding and that some established town centres and settlements are in areas identified as at potential flood risk. This brings inevitable challenges in balancing these impacts against the need for, and benefits arising from regeneration. As many of our town centres seek to adapt to the impact of the pandemic and the changes in the retail sector how we respond needs to be agile and incorporate a mix of uses on both ground and upper floors. This is key if they are to be repurposed and regenerated in a way which ensures they remain competitive and vibrant. We welcome the delay in the draft TAN15 on flooding and the opportunity

provided by the Minister for Climate Change to provide additional information. However, the future content of any revised TAN15 will have a significant bearing on the ability to regenerate these areas. In this respect it would be helpful if this could provide clear and pragmatic guidance on the development of town centres which seek to regenerate or reinvigorate town centres through the change of use. The repurposing of existing buildings within our town centres offers opportunities to enhance our town centres and locate facilities in a sustainable location which are already well-served by public transport and alongside other complementary facilities. Whilst we would not advocate compromising health and safety within our town centres, we would ask that planning policy takes account of the benefits which changes of use can bring the local communities and economy, and where the flood risk can be alleviated or mitigated that a decision is made on balance taking all matters into consideration.

National policy places significant emphasis on creating sustainable places including town centres. This has significant benefits from a placemaking perspective both in making areas more attractive to visitors and residents but also in drawing footfall. This focus on bringing Green and Blue Infrastructure into town centres is welcome as are the increasing grant opportunities. We are mindful that this must be part of a holistic and integrated approach also recognising the relation with repurposing our centres and buildings. In this respect the opportunities to focus on decarbonisation is a welcome one albeit this needs to be evidenced against increasing viability challenges associated with repurposing of existing buildings and areas.

Creating and sustaining local coalitions of change

In Carmarthenshire we have established town forums as governance structures to regenerate our primary towns of Ammanford, Carmarthen and Llanelli. Each group have key stakeholders represented such as Town Councils, local members, Chambers of Trade, BIDS, police, relevant departmental local authority officers, etc. They have been operating for several years and have set aims and objectives and are working to specific plans that have been developed collectively. Each of the groups are working well and have buy in from all partners. The groups are facilitated by the local authority, but we ensure all stakeholders have a clear role in delivering the vision for each of the town plans. The local Authority alone is not able to deliver everything and often acts in a facilitating role. Bringing the interests of all stakeholders together to harness ideas, cement relationships, improve the communication channels and physically deliver and sustain change can sometimes be challenging.

Each group comprises complementary skills and leadership qualities to drive forward the regeneration plans.

Non- Domestic rates, town centre incentives and taxes

During COVID-19 WG introduced 100% relief for Non-Domestic Rates (NDR). This has allowed independent traders access to retail units in prime town centre locations that wouldn't previously have been affordable. Currently, there is a 50% reduction in NDR for 2022/23. Many independent traders that have taken properties in prime town centre

locations have protected their position by being able to withdraw from their short-term lease arrangements once full business rates liability is reintroduced. Business rates is a common issue that businesses constantly raise along with free town centre parking. The current rating system is outdated with the rates liability not reflecting current market conditions. It is appreciated that the system is under review, but a short-term intervention could be to amend the rating multiplier (the rate in the pound that is multiplied by the rateable value of a property to produce the annual rates bill) to reflect market conditions. Generally, the multiplier increases in line with inflation. A decrease in the multiplier is, however, required to fairly represent current property rental market conditions and encourage further uptake of vacant properties.

The availability, management and impact of Welsh and UK Government funding for town centre regeneration

Funding from Welsh Government through the transforming towns programme is very welcome. It has been the main funding route for town centre regeneration over recent years and has enabled some significant regeneration programmes in Carmarthenshire.

Although Welsh Government have invested in the town centre programme, we believe more capital funding is required to have a greater impact in town centres as the costs involved in town centre regeneration are significant.

The transforming towns programme is being delivered on a regional southwest Wales footprint, with Welsh Government and the four regional local authorities working collaboratively. Governance structures are in place and working effectively. Working with a regional allocation within set financial years can also bring its challenges. In some instances, the region has been limited to the number of projects it has been able to deliver due to initial budget setting. Similarly, the late availability of in year budget, needed to be spent in a short timescale, increases the pressure for delivery on local authorities and does not always make best use of funding. Confirmation of longer-term budgets which can cross financial years would be beneficial to ensure best allocation of funding to maximise outputs arising.

Currently town centre projects are being led by local authorities with all associated risks lying with the local authorities. It may be an option in the future for Welsh Government to consider entering town centre joint ventures with local authorities, particularly where the LA holds property ownership, to share project risks and provide a longer-term commitment to the regeneration of our towns. Such an approach would provide consistency and provide confidence to the private sector that the public sector are working collectively to regenerate our town centres which in our opinion would lead to increased private sector investment. This is our experience with other JV regeneration focused agreements that we have with WG elsewhere in the County.

Recently Carmarthenshire has been successful in securing significant Levelling Up funding from UK Government to regenerate and repurpose the former Debenhams building in Carmarthen town centre. This project is fully aligned to the town centre first principle, bringing a multitude of public sector and university services, providing an alternative offer

to attract people into the town centre and drive-up footfall. We have recently submitted a similar proposal for Llanelli town centre for LUF funding. In addition, UK Government Shared Prosperity funding provides opportunities to support town centre regeneration. Ideally it would be helpful if WG funding could also be utilised to add value to these projects, alongside the significant match funding that CCC is providing. This does not appear to be the case currently and is potentially a missed opportunity for Welsh Government, UK Government and CCC to work collectively in aligning policy and resource to regenerate our town centres.

City Deals and Regional Partnerships, and Corporate Joint Committees

In southwest Wales there is a regional governance structure that has been in existence for many years. The structure is based around the Regional Directors Group, which coordinates all regeneration activity in the southwest. The Regional Directors Group is supported by the Regional Leads Group, which consists of the Heads of Regeneration from across the region and other senior regeneration officers. Both groups are in constant dialogue with Welsh Government's regeneration team and the Swansea Bay City Deal team. The regional directors group also feed into the recently established CJC.

This region has recently launched its Regional Economic Development Plan, which was a collaborative regional commission and sets out our regional regeneration objectives. We believe that the current structure is fit for purpose, with the regional directors (4 LA's) acting as the conduit for regeneration activity across the region and ensuring that the current arrangements are not overly complicated.

N.B. For information links are provided below to our Primary Town Centre Recovery Plans for Ammanford, Carmarthen and Llanelli.

<https://democracy.carmarthenshire.gov.wales/documents/s57264/Ammanford%20Recovery%20Masterplan.pdf>

<https://democracy.carmarthenshire.gov.wales/documents/s57265/Carmarthen%20Recovery%20Masterplan.pdf>

<https://democracy.carmarthenshire.gov.wales/documents/s57266/Llanelli%20Recovery%20Masterplan.pdf>