

Agenda – Public Accounts and Public Administration Committee

Meeting Venue:	For further information contact:
Committee Room 5	Fay Bowen
Meeting date: 21 September 2022	Committee Clerk
Meeting time: 09.00	0300 200 6565
	SeneddPAPA@senedd.wales

This meeting will be broadcast live on www.senedd.tv

(Private pre-meeting)

(09.00 – 09.15)

1 Introductions, apologies and substitutions

(09.15)

2 Papers to note

(09.15 – 09:50)

2.1 Letter from the Welsh Government in relation to Wizz Air at Cardiff Airport

(Page 1)

2.2 Letter from Cardiff Airport – Response to a letter from the Chair of PAPAC

(Pages 2 – 3)

2.3 Letter from Welsh Government – Welsh Health Specialised Services Committee (WHSSC) Governance

(Pages 4 – 5)

2.4 Letter from the Auditor General for Wales to Director General Health and Social Services/ NHS Wales Chief Executive: Audit Wales Report – Tackling the Planned Care Backlog in Wales – 20 July 2022

(Pages 6 – 7)



2.5 Letter from Director General Health and Social Services/ NHS Wales Chief Executive to the Auditor General: Audit Wales Report – Tackling the Planned Care Backlog in Wales – 29 July 2022

(Pages 8 – 11)

2.6 Letter from Auditor General to Permanent Secretary – Welsh Government: Examination of the setting of well-being objectives – 1 September 2022

(Pages 12 – 24)

(Break)

(09.50 – 10.00)

3 Evidence Session with the Minister for Finance and Local Government – UK Procurement Bill Legislative Consent Memorandum

(10.00 – 11.00)

(Pages 25 – 129)

4 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business:

(11.00)

The remainder of the meeting

5 Evidence Session with the Minister for Finance and Local Government – UK Procurement Bill Legislative Consent Memorandum – Consideration of the evidence received

(11.00 – 11.30)

6 Inquiry into Regeneration of Town Centres

(11.30 – 12.00)

(Pages 130 – 196)

7 Consideration of Audit Wales Reports

(12.00 – 12.15)

(Pages 197 – 199)

8 Forward Work Programme – Update

(12.15 – 12.30)

(Pages 200 – 208)



Llywodraeth Cymru
Welsh Government

Tracey Burke

Cyfarwyddwr Cyffredinol / Director General

Y Grŵp Newid Hinsawdd a Materion Gwledig
Climate Change and Rural Affairs Group

Mark Isherwood MS
Chair
Public Accounts and Public Administration Committee
Welsh Parliament
Cardiff Bay
Cardiff
CF99 1SN

10 August 2022

Dear Mr Isherwood,

Wizz Air at Cardiff Airport

Further to the Committee's ongoing interest in the Cardiff Airport, I am writing to you today to bring to the Committee's attention a Written Statement that the Welsh Ministers for Climate Change have issued, regarding a commercial decision by Wizz Air about its operations at Cardiff Airport.

The Written Ministerial Statement can be viewed here:

<https://gov.wales/written-statement-future-wizz-air-services-cardiff-airport>

I trust you will find this of interest.

Yours sincerely,

Tracey Burke

Director General, Climate Change and Rural Affairs Group



BUDDSODDWYR | INVESTORS
MEWN POBL | IN PEOPLE

Parc Cathays • Cathays Park
Caerdydd • Cardiff
CF10 3NQ

Ffôn • Tel 0300 0258047
tracey.burke@gov.wales
Gwefan • website: www.wales.gov.uk

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

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

Cardiff Airport, Vale of Glamorgan, Wales CF62 3BD
 Maes Awyr Caerdydd, Bro Morgannwg, Cymru CF62 3BD

Mark Isherwood MS
 Committee Chair
 Public Accounts and Public Administration Committee
 Welsh Parliament
 Cardiff Bay
 Cardiff
 CF99 1SN

By email to SeneddPAPA@senedd.wales

7th September 2022

Dear Chair,

I write in connection with the recent PAPAC meeting on 29th June 2022, and your subsequent letter dated 1st August 2022. We have responded to the questions raised below.

Solar Farm

The Solar Farm has been set up as a Private Wire / Power Purchase Agreement (PPA) with Cenin Renewables. This means that Cenin have leased a vacant piece of land at Cardiff Airport (CIAL) on a Commercial Lease for 25 years. Under the terms of the PPA, Cenin will fund, build and maintain the solar farm and sell the generated electricity at an agreed fixed cost/kwh to CIAL for 25 years. It is calculated that all electricity generated by the Solar Farm will be used by CIAL. However, it is also acknowledged that at peak summer there may be a slight over generation, which would be sold back to grid, or preferably in the future stored for winter use.

The financial terms of the above contracts are commercially confidential but demonstrate that there is zero Capital Expenditure from CIAL for the above. By securing electricity via a PPA fixed rate cost/kwh we have taken steps toward a low carbon on site generation solution, whilst also de-risking part of our supply cost from the current very volatile energy markets.

The Solar Farm will generate approximately 1.5M kwh electricity with an estimated Carbon Saving of circa 645 tonne/year.

To accommodate the Solar Farm and future proof the Airport it is necessary to upgrade the main incoming Substation. The upgraded substation is required for the Solar Farm and will also give some additional capacity for EV charging options. By upgrading as part of the Solar Farm project we have been able to agree that the works are jointly funded by Cenin and CIAL, thus saving CIAL capital costs.

Earnings Before Interest Tax Depreciation and Amortisation

The EBITDA for the year ended 31st March 2021 was a loss of £5.747m. This figure is verified by our auditors Grant Thornton. The loss was a direct result of the ongoing restrictions due to the Covid-19 pandemic.

Turning to Annex A, the difference of £6.3m is the transfer to the profit and loss from the revaluation reserve as shown on page 14 of the accounts. This occurred due to the impairment of fixed assets following the external valuation of the assets.

Effectively, not all of the depreciation hit the profit and loss account, £6.3m cleared the revaluation reserve to nil. The adjustment for depreciation in Annex A should be £3.7m not £10.04m.

This is a technical accounting point under FRS 102, our applicable accounting standard, which I am happy to discuss with any of your colleagues should you wish.

Statement of Cash Flows

We have taken advantage of the disclosure exemptions allowed under Financial Reporting Standards, as set out in note 2.3 on page 15 of the accounts. We are able to take advantage of the exemption as our cashflow is included in the consolidated Welsh Government accounts. This also enables the company to make a saving on our audit fees.

We provide our shareholder WGC Holdco Limited, Welsh Government and Development Bank of Wales with fortnightly updates on cashflow. We also provide Welsh Government and Development Bank of Wales with a cashflow as part of our monthly reporting requirements.

The Rescue and Restructuring Plan

We have liaised with Welsh Government officials in order that they can reply to you substantively on this point.

Yours sincerely



D M Walters
Company Secretary – Cardiff International Airport Limited

Agenda Item 2.3

Cyfarwyddwr Cyffredinol Iechyd a Gwasanaethau Cymdeithasol/
Prif Weithredwr GIG Cymru
Grŵp Iechyd a Gwasanaethau Cymdeithasol

Director General Health and Social Services/
NHS Wales Chief Executive
Health and Social Services Group



Llywodraeth Cymru
Welsh Government

Mark Isherwood MS
Chair
Public Accounts and Public Administration Committee

Our Ref: JP/PV/SB

22 August 2022

Dear Chair

Welsh Health Specialised Services Committee (WHSSC) Governance

I wrote to you on 3 March to update in relation to Recommendation 5 of the Auditor General for Wales's report of May 2021 into Welsh Health Specialised Services Committee (WHSSC) Governance arrangements, and to confirm that this recommendation, in relation to the remuneration of independent members, is complete.

I am now writing to confirm the position around Recommendations 6 and 7 of the same report which remain outstanding and which I also propose should be cleared. You will appreciate that we have had to wait for the right moment to prioritise this work given the challenges of the pandemic recovery.

Recommendation 6: Sub-regional and regional programme management (linked to recommendation 2 directed to WHSSC)

Recommendation 6 said that when new regional or sub-regional specialised services are planned which are not the sole responsibility of WHSSC, then effective multi partner programme management arrangements should be in place from concept through to completion. We are now starting to see the NHS Executive and National Clinical Framework arrangements taking shape and reasonable progress is being made in thinking through the mandate, scope and remit of the component parts of the system, including the setting up of clinical networks and communities of practice. I am confident that these arrangements will provide more robust support for service change where it is required to deliver better patient care and outcomes, including where a regional approach would be the best solution. This will be underpinned by strengthened accountability and performance management arrangements overseen by the NHS Executive.



Recommendation 7: Future governance and accountability arrangements for specialised services

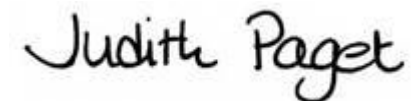
Recommendation 7 said that a review of the WHSSC arrangements along with other national hosted and specialist advisory functions should be undertaken.

I am in the process of setting up new piece of work to review the national commissioning arrangements in NHS Wales. The scope of this work and a timetable are currently being considered. However, we will be sure to take account of these recommendations as part of the rationale behind the work.

I trust that having described the work that is now in train, you will agree that we can close these recommendations from the Audit Wales report.

I am sending a copy of this letter to the Auditor General for Wales.

Yours sincerely

A handwritten signature in black ink that reads "Judith Paget". The signature is written in a cursive, slightly slanted style.

Judith Paget CBE

cc: Minister for Health and Social Services
Deputy Minister for Social Services
Nick Wood
Samia Edmonds
Chris Jones
Pat Vernon

Ms Judith Paget CBE
 Director General Health and Social Services/
 NHS Wales Chief Executive
 Health and Social Services Group

24 Cathedral Road / 24 Heol y Gadeirlan
 Cardiff / Caerdydd
 CF11 9LJ
 Tel / Ffôn: 029 2032 0500
 Fax / Ffacs: 029 2032 0600
 Textphone / Ffôn testun: 029 2032 0660
info@audit.wales / post@archwilio.cymru
www.audit.wales / www.archwilio.cymru

Reference: AC/312/caf

Date issued: 18 July 2022

Dear Judith

Audit Wales Report - Tackling the Planned Care Backlog in Wales

Thank you for your letter of 24th June 2022 setting out the Welsh Government's response to the recommendations within my report on Tackling the Planned Care Backlog in Wales. I am pleased that the Welsh Government has accepted each of the recommendations and I note that successful implementation of the Welsh Government's Planned Care Recovery Plan will be a key means of addressing many of the issues raised in my report.

We did feel, however, that the Welsh Government's response to some of the recommendations was a bit narrow and did not quite cover off all of the issues on which we were prompting action. I have set out below the areas where it would be helpful to receive a fuller response from the Welsh Government:

Recommendation 1: We note the targets that are in the Welsh Government's plan and the work that Andrew Sallows will be doing with health boards to develop baseline assessments and delivery targets and milestones. However, the thrust of this recommendation was around setting clear ambitions for introducing the new ways of working that the plan identifies, and the Welsh Government's response is silent on that. Accepting that there will need to be some work done with individual health boards in preparing their implementation plans, it would be helpful for Welsh Government to provide some further information on the ambitions and timescales for

introducing the new ways of working that will support the planned care service transformation that is envisaged.

Recommendation 2: The additional funding that has been made available to support the recovery of planned care is noted and welcomed. Our recommendation was prompting for a strategic approach to funding planned care recovery that supports the service transformation that is required and maximises the benefit from the significant additional investment identified. This includes the use of capital funding. It would be helpful to understand how Welsh Government see the additional investment being used and in particular whether it has any plans for a longer-term approach to capital funding to support recovery and service transformation.

Recommendation 4: The Welsh Government response seems to have missed the main thrust of this recommendation which was to prompt for a clear system leadership approach across the entirety of plan, rather than just for diagnostic services. It would be helpful to understand how Welsh Government see that broader system leadership working in practice for planned care recovery. It is encouraging to note that lessons have been learnt from previous programme board arrangements, but it would be good to know what those lessons were and how they are shaping new system leadership arrangements going forward.

I would be grateful to receive an updated response to our recommendations that pick up on the points highlighted above, and which includes clear timescales for action where these can be identified. If you or Welsh Government colleagues have any queries on the above, then please do not hesitate to get in touch with either Dave Thomas or Andrew Doughton.

Yours sincerely



ADRIAN CROMPTON
Auditor General

Agenda Item 2.5

Cyfarwyddwr Cyffredinol Iechyd a Gwasanaethau Cymdeithasol/
Prif Weithredwr GIG Cymru
Grŵp Iechyd a Gwasanaethau Cymdeithasol

Director General Health and Social Services/
NHS Wales Chief Executive
Health and Social Services Group



Llywodraeth Cymru
Welsh Government

Adrian Crompton
Auditor General for Wales
Audit Wales
24 Cathedral Road
Cardiff
CF11 9LJ

Our Ref: JP/LL/SB

29 July 2022

Dear Adrian

Audit Wales Report - Tackling the Planned Care Backlog in Wales

Thank you for letter 18th July seeking additional information related to our initial response to your Audit recommendations sent in June. As you will be aware Andrew Sallows has been appointed as the Planned Care Recovery Director. This will involve supporting and challenging health boards in the delivery of our ambitions and expectations within the national recovery plan. I have sought additional information from him to address some of the issues you raised.

I will respond to each of your identified areas of clarity.

Additional assurance required recommendation 1:

We note the targets that are in the Welsh Government's plan and the work that Andrew Sallows will be doing with health boards to develop baseline assessments and delivery targets and milestones. However, the thrust of this recommendation was around setting clear ambitions for introducing the new ways of working that the plan identifies, and the Welsh Government's response is silent on that. Accepting that there will need to be some work done with individual health boards in preparing their implementation plans, it would be helpful for Welsh Government to provide some further information on the ambitions and timescales for introducing the new ways of working that will support the planned care service transformation that is envisaged.

Response:

- The Planned Care Recovery Director and his team are holding a series of recovery engagement meetings with health boards to explore their delivery milestones against each of the planned care targets and actions in the recovery plan. They are also



agreeing the local approach that is being taken to meet the planned care need, for example this involves questioning whether the health boards are simply doing or buying additional activity or whether they are actually transforming the service to ensure sustainable models for the future.

- Given the scale of the current waiting list backlogs, it is likely a combination of both solutions will be required across many specialties for a sustained period of time.
- The planned care programme has actively developed opportunities for transformation of services, many of these opportunities are now starting to be implemented. The recovery programme will accelerate these alongside the development of further transformation opportunities to drive change and set health board specific targets based on their current positions. These will be linked to a set of national transformation ambitions we are currently developing
- An example is where patients are brought back for regular follow up appointments for clinical review – these can be unnecessary and waste both the patients and clinical teams time. Patient Initiated Follow Up (PIFU) and See on Symptoms (SOS) allows the patient to own their treatment requirement and be assured that they can be seen when required. If delivered at volume, the additional capacity / sessions can then be repurposed to see additional new patients or to undertake an additional theatre session instead – health boards have been asked to implement this as a priority to create the additionality, transform their service and most importantly improve patient care. We have agreed with the Outpatient Steering Group that a minimum of 20% of outpatient's attendances will have an outcome of SoS or PIFU this year, this is reflected in the recovery plan.

Additional assurance required recommendation 2:

The additional funding that has been made available to support the recovery of planned care is noted and welcomed. Our recommendation was prompting for a strategic approach to funding planned care recovery that supports the service transformation that is required and maximises the benefit from the significant additional investment identified. This includes the use of capital funding. It would be helpful to understand how Welsh Government see the additional investment being used and in particular whether it has any plans for a longer-term approach to capital funding to support recovery and service transformation.

Response:

- The significant recurrent and programme investments made this year have been allocated with explicit expectation – not just to reduce backlogs and waiting times, but to also introduce and embed transformed service models and to develop regional solutions where service provision requires.
- If health boards do not deliver at pace, central direction will be considered and implemented, as necessary.
- NHS organisations have all provided lists of prioritised capital schemes for a ten-year period. Within these lists are a significant number of schemes that have recovery and transformation at their core – including developments such as the Regional Treatment Centres in Betsi Cadwaladr University Health Board.

- Within the NHS All Wales Capital Programme in 2022-23, Ministerially approved investments include additional endoscopy theatre capacity in both Royal Gwent and the University Hospital at Llandough as well as over £36m in diagnostic imaging capacity (MRI / CT / ultrasound) across Wales.

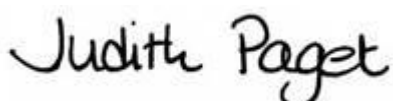
Additional assurance required recommendation 4:

The Welsh Government response seems to have missed the main thrust of this recommendation which was to prompt for a clear system leadership approach across the entirety of plan, rather than just for diagnostic services. It would be helpful to understand how Welsh Government see that broader system leadership working in practice for planned care recovery. It is encouraging to note that lessons have been learnt from previous programme board arrangements, but it would be good to know what those lessons were and how they are shaping new system leadership arrangements going forward.

Response:

- Planned Care recovery remains a key priority objective for everyone involved in delivering healthcare services across NHS Wales, leaders are required at all levels to ensure delivery of recovery and the required transformative change.
- On behalf of Welsh Government recovery and responsibility of the Planned Care Programme will be under the leadership of the Planned Care Recovery Director – this will help provide both management and clinical leadership through one team. This approach will support a more constructive and effective implementation of clinically agreed transformation pathways as part of the recovery response.
- A priority will be to review the terms and references of the Boards to ensure that they reflect the requirements and deliverables of the recovery plan, and this will build upon the lessons learnt from the programme so far.
- Going forward the clinical leadership will also form part of the national clinical framework where national pathways for local implementation will be developed and rolled out based on a value-based approach.
- Learning has shown that implementation of nationally agreed clinical transformation has to be operationalised into local delivery plans and be part of the accountability for achieving the recovery trajectories. This forms part of the process the national recovery team are currently doing with each health board.

Yours sincerely



Judith Paget CBE

cc: Cabinet mailbox
Mark Isherwood MS, Chair, PAPAC
CGU mailbox

Dr Andrew Goodall
Permanent Secretary
Welsh Government

24 Cathedral Road / 24 Heol y Gadeirlan
Cardiff / Caerdydd
CF11 9LJ
Tel / Ffôn: 029 2032 0500
Fax / Ffacs: 029 2032 0600
Textphone / Ffôn testun: 029 2032 0660
info@audit.wales / post@archwilio.cymru
www.audit.wales / www.archwilio.cymru

Reference: AC/326/caf

Date issued: 1 September 2022

Dear Andrew

Examination of the setting of well-being objectives

As you will be aware, my responsibilities under the Well-being of Future Generations (Wales) Act 2015 (the Act) require me to carry out examinations of public bodies, including the Welsh Ministers (the Welsh Government). Specifically, I must assess the extent to which public bodies have acted in accordance with the sustainable development principle when a) setting well-being objectives and b) taking steps to meet them, as the Act requires them. Acting in accordance with the sustainable development principle means seeking 'to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs'.¹ In order to do that, public bodies must take account of the 'five ways of working'.²

I have now concluded my examination of the extent to which the Welsh Government has applied the sustainable development principle when setting its well-being objectives. This is the first such examination carried out in this reporting period, which covers 2020-2025. The Welsh Government published its well-being objectives

¹ Section 5 (1) Well-being of Future Generations (Wales) Act 2015

² Shared Purpose: Shared Future Statutory guidance on the Well-being of Future Generations (Wales) Act 2015

as part of the Programme for Government for the sixth Senedd, along with a separate well-being statement in June 2021. This reflects the requirement to set and publish the objectives no later than six months following an election. My auditors commenced this work later that year.

I am not required to report at the conclusion of individual examinations, but I am required to report on the results of my examinations before the end of the reporting period (May 2025). This means the findings from this examination will be part of the evidence base for the report I am required to lay before the Senedd. However, I consider it important to communicate the results of each examination to aid accountability and support learning and improvement and to do so in a timely manner. I would also hope that reporting aids transparency and helps public bodies learn from one another. Therefore, this letter and annex set out my findings, conclusions and recommendations from this examination.

In assessing the extent to which public bodies have acted in accordance with the sustainable development principle, it is necessary for me to consider how they have applied the five ways of working. While good outputs and outcomes are self-evidently important, the Act gives prominence to the way bodies undertake their work - the 'how', rather than the 'what'. The Future Generations Commissioner (the Commissioner) and I have continued to emphasise that this matters; not for the sake of bureaucracy but to deliver better results, as well as providing appreciable benefits such as strengthening trust and relationships through collaboration and involvement. Therefore, in carrying out my examinations I look for public bodies to 'show their working'. This means that when examining the setting of well-being objectives, I expect public bodies to be able to describe and provide evidence on how they have gone about setting their well-being objectives in a way that takes account of the five ways of working. For example, who has been part of that process, when and how, as well as the information they have drawn on and how it has shaped the selection of well-being objectives.

Ideally, public bodies should set well-being objectives that sit at the heart of the organisation. It is not a requirement, but I am clear that situating them within their corporate planning arrangements represents best practice. Indeed, setting well-being objectives that sit outside the corporate framework may well limit their impact and reach and would add an additional layer of bureaucracy and complexity. All bodies will design and follow a process that reflects their own circumstances, which our examinations will seek to understand so we can make an assessment of the extent to which the sustainable development principle has been applied.

It is therefore positive to see that the Welsh Government has put its well-being objectives at the heart of the programme for government. I recognise that, for the Welsh Government, the reality of setting well-being objectives, in the way envisaged

by the Act and soon after an election, is challenging. It has to build a programme for government that reflects the political mandate, as well as ensuring it applies the sustainable development principle when setting its well-being objectives. Manifesto commitments do not remove or substitute for this statutory duty. Bringing these elements together presents some practical and conceptual challenges and there is no single right answer to how it should be done. I understand that it is an area where the Welsh Government is likely to continue to refine its approach over time.

As a result, the examination has raised some interesting issues and brought out some different perspectives across our respective organisations. However, having concluded my examination, it is my view that while the Welsh Government is continuing to take steps to embed the sustainable development principle in its wider processes and practices, it has not provided clear supporting evidence to show how it has applied the sustainable development principle when setting its well-being objectives. As a result, making an overall assessment of the extent to which that happened in the Welsh Government's context has not been practically possible.

It is apparent that the Welsh Government is continuing to take action to try to embed the sustainable development principle in how it does business generally. Following on from our 2019 [report](#), we have been provided with updated evidence on these arrangements although we have not reviewed their effectiveness as part of this examination. We can, however, see a continuation of work to build capacity and strengthen expertise in the civil service and to improve key processes, such as the way the Welsh Government sets its budget and monitors delivery. The Commissioner will be exploring the mechanisms the Welsh Government has put in place in her own review under section 20 of the Act. That work is well underway and in keeping with the commitment to coordination, we have been discussing with the Commissioner's office relevant information from our audit work. A member of Audit Wales staff has an observer role on the steering group that is supporting the review.

The primary focus of this examination is the setting of the well-being objectives. The Welsh Government's well-being objectives appear to reflect the spirit of the Act in several ways. They are cross-cutting in nature, there are clear links to the well-being goals and short and long-term trends are visible in the objectives. However, as described above, my responsibility is to assess the 'how' and not the 'what', meaning evidence on the way those objectives have been set is central. I have not been provided with sufficient evidence on this, making it difficult to assess the application of the ways of working and conclude on the extent to which the Welsh Government has acted in accordance with the sustainable development principle, as set out in the Act and described in supporting guidance.

In the case of the Welsh Government, both the quality and visibility of the process matter as a means of exercising its leadership role. The Commissioner and I have

talked about the importance of that leadership role in implementing the Act. It is important that, as the author of the legislation, the Welsh Government can be a role model for the change it wants to see in the wider public sector. For these reasons, it not only matters that the Welsh Government applies the Act well, but that it explains and communicates what it has done clearly.

While the duties present some particular challenges for a national government, the Welsh Government is probably not unique. Other public bodies may choose or need to set new well-being objectives in this reporting period – many councils will consider setting new objectives following their own elections. Given this, it is important that the Welsh Government sends a clear message on the importance of setting well-being objectives in a way that fully reflects the requirements and ambitions of the legislation.

We have had ongoing dialogue with officials about how this part of the legislation should be interpreted and applied. While my conclusions remain the same, we have been able to provide further clarification and I hope we have come to a place of mutual understanding. We have been transparent in sharing our audit framework and, in the spirit of learning we expect from others, we will be continuing to seek feedback and develop and refine it over the reporting period.

Finally, you will note I have made recommendations designed to help the Welsh Government when it next sets well-being objectives. While I appreciate that the Welsh Government may not be able to commit now to the detail of its response, I would nevertheless welcome confirmation at this point of whether the recommendations are accepted.

Yours sincerely



ADRIAN CROMPTON
Auditor General for Wales

cc.

Rt Hon Mark Drakeford MS – First Minister of Wales

Sophie Howe – Future Generations Commissioner

Mark Isherwood MS – Chair, Public Accounts and Public Administration Committee

Jenny Rathbone MS – Chair, Equality and Social Justice Committee

Annex: Examination of the setting of well-being objectives

How we carried out the examination

What we reviewed and why

- 1 Under section 15 of the Well-being of Future Generations (Wales) Act 2015 (the Act) the Auditor General has a duty to examine the extent to which the public bodies covered by the Act have acted in accordance with the sustainable development principle when setting their well-being objectives and taking steps to meet them. The Auditor General must undertake an examination in each relevant body at least once over each five-year reporting period, the current reporting period is May 2020 to May 2025.
- 2 This examination has been undertaken to help discharge that duty. It has focused on the setting of well-being objectives by Welsh Ministers (the Welsh Government).³
- 3 In 2020, the Auditor General consulted public bodies and other stakeholders on how the examinations should be delivered in the second reporting period. The programme of examinations we are now carrying out reflect our revised approach.
- 4 The examination was designed to:
 - provide assurance on the extent that the Welsh Government has applied the sustainable development principle in setting its well-being objectives; and
 - identify opportunities to further embed the sustainable development principle in the setting of well-being objectives in future.

³ We are carrying out further work to discharge the duty by assessing steps taken to meet well-being objectives as part of the Auditor General's wider programme of work.

Audit approach and methods

5 Our examination focused on the following question:

‘To what extent has the Welsh Government acted in accordance with the sustainable development principle when setting its well-being objectives?’

6 We applied an audit framework that has been informed by:

- the Act and statutory guidance.
- advice and guidance from the Future Generations Commissioner (the Commissioner).
- our existing audit framework, developed and used in the first reporting period, that was informed by extensive stakeholder engagement.
- characteristics of effective objective setting that feature in our wider work.

7 We began our main fieldwork in December 2021 and concluded in February 2022. We reviewed documents, including a written submission from the Welsh Government, and conducted interviews with officials. We have set out our high-level findings and recommendations below, along with some further detail about the scope of our examination.

Findings

Overall, we have concluded that while the Welsh Government is continuing to take steps to embed the sustainable development principle in its wider processes and practices, it has not provided clear supporting evidence to show how it has applied the sustainable development principle when setting its well-being objectives. As a result, making an overall assessment of the extent to which that happened in the Welsh Government's context has not been practically possible.

We have set out our more detailed findings below.

The well-being objectives reflect relevant short- and long-term considerations and there are clear links to the well-being goals but it is not clear precisely how relevant information has informed their selection or how the full diversity of the population was involved in the process.

What we looked for:

- A balanced and accurate understanding of progress against previous well-being objectives that has been reported clearly and is being used to help set new well-being objectives.
- A thorough understanding of current and future need, challenges and opportunities that informs the selection of new well-being objectives.
- Meaningful involvement of the right people that informs the selection of new well-being objectives.
- Well-being objectives that have been designed to deliver longer term benefits, balanced with meeting short-term needs. This includes being set over an appropriate timeframe.
- Well-being objectives that have been designed to improve social, economic, environmental and cultural well-being (including how they relate to each other, to other public bodies' objectives and to the goals).

- 8 The Welsh Government set its well-being objectives in June 2021, meeting the requirement to publish them within six months of the Senedd elections in May 2021. The well-being objectives were published in the Welsh Government's Well-being Statement and included in the Programme for Government 2021-2026, which the Welsh Government describes as 'putting them at the heart of government'. Incorporating the objectives into the key strategic document and planning process reflects statutory guidance and good practice across public bodies. The Welsh Government identified the need for 'pace' in developing the objectives to enable more time for delivery and to give the objectives 'prominence', which prompted them to make these changes.
- 9 There were 12 well-being objectives in the previous well-being statement and they have now reduced in number to 10 but there is evident continuity in their focus. The new objectives reflect changes in the external environment and are cross-cutting in nature. There are apparent links between the well-being objectives and well-being goals.

- 10 Short and long-term trends are visible in the final selection of well-being objectives. However, they are, in the main, aspirational in nature, for example: 'Make our cities, towns and villages even better places in which to live and work'. This means it will not be easy to measure progress over specific timeframes and evaluate success in meeting them (see also **paragraph 21**).
- 11 The Welsh Government has produced annual reports that provide an update on progress and past activity. Welsh Government officials told us that Ministers considered how they have performed against their previous well-being objectives when setting their new well-being objectives, referencing their annual reports (see also **paragraph 22**). They also told us they consider current and future threats, drawing on the Well-being of Wales annual reports and the Future Trends report.
- 12 However, it is not clear how information on past performance and trends has informed choices on well-being objectives from the evidence provided. We have not been provided with detail on how or when this happened, how the information has helped Ministers balance short- and long-term considerations and influenced the selection of new well-being objectives. The annual reports themselves reference the process of reviewing and retaining the well-being objectives but do not describe it in any detail. In carrying out examinations we ask that public bodies 'show us their working'. This is an essential part of us being able to assess ways of working and draw a conclusion on the extent to which a public body has acted in accordance with the sustainable development principle.
- 13 To understand and ultimately balance current and future need, the Welsh Government is also required to involve people with an interest in achieving the well-being goals. They must ensure those persons reflect the diversity of the population. The evidence we have received does not show that the Welsh Government has carried out involvement as described by the Act and its own guidance or in a way that reflects the expectations of the Commissioner. The Welsh Government has not directly involved people in setting its new well-being objectives nor has it described how it has drawn on a range of existing involvement intelligence, but we have been told that 'Welsh Ministers are content that the well-being objectives are the outcome of a democratic process involving a huge range of voices from across Wales'.
- 14 We appreciate that the Welsh Ministers may want to reflect their party manifesto commitments in the Welsh Government's well-being objectives and that they will want to draw on conversations they have had with people across Wales during the election as part of this. However, we have not seen evidence as to

what information has been considered and how it has informed the setting of well-being objectives. This raises some important questions, such as:

- **How has the Welsh Government ensured that it has involved the diversity of the population?** To do this effectively, it is necessary to consciously and systematically consider who should be involved and how to involve them. This must reflect the diversity of the population.
- **How have the results of involvement informed the development of the well-being objectives?** It is not clear how the outcomes of discussions with the public have informed the setting of well-being objectives.
- **How has the Welsh Government taken account of the expectations associated with involvement (as opposed to engagement/consultation) and good practice?** The Commissioner has published advice on how to carry out high quality involvement. This covers elements described above, such as the need to make sure the right people are being involved and going about it in the most effective way. It also covers the importance of feeding back to people to let them know how their views have been taken into account. This could be achieved by setting out the information that has been gathered through involvement and describing how that has been drawn upon in the well-being statement.

- 15 The Welsh Government involves people across a range of its functions and activities, both directly and indirectly. The Welsh Government's well-being statement states that an analysis of responses to its 'Our Future Wales' consultation helped inform the well-being objectives, but the statement does not explain this process. It seems likely to us that there will be other sources of relevant information. There are opportunities for the Welsh Government to consider and, where appropriate, describe how this wider information informs the setting of well-being objectives.
- 16 It is also unclear whether and how other bodies have been involved in, or had their own well-being objectives taken into account in, the Welsh Government's setting of its well-being objectives. The Welsh Government does, however, say that given the continuity in government many organisations would have been engaged with Ministers during the previous term. However, we have not been provided with evidence during this examination of how the Welsh Government has considered the impact on other public bodies' objectives. These arrangements do not appear to be sufficiently robust, and it raises the question of how civil servants support new Ministers to take account of this information, and particularly if there had been a change in the party of government.

The Welsh Government is taking action designed to ensure it delivers its objectives in line with the sustainable development principle, but it has not clearly set out how it will work with others and there are opportunities to strengthen its monitoring arrangements

What we looked for:

- Appropriate consideration as to how the well-being objectives will be resourced over the short, medium and long term.
- Appropriate arrangements to work with others, including planning to involve the public in ongoing design and delivery and/ or ensuring there are appropriate partnership and collaboration arrangements in place.
- Appropriate arrangements for monitoring and review so that progress can be assessed over the short, medium and longer-term. These arrangements are transparent and clearly communicated to internal and external stakeholders.
- An understanding of how well the Welsh Government approached the setting of the previous well-being objectives and evidence that it has applied that learning to improve how it set its most recent well-being objectives.

- 17 The well-being statement states the importance of involvement and recognises the need to work collaboratively in delivering the well-being objectives. Given there is some continuity in objectives, it is reasonable to assume that existing delivery arrangements will remain in place, but there is no detail of this in the well-being statement.
- 18 Once the well-being objectives had been set, the Welsh Government told us it had considered how the budget could be aligned to deliver them. It is important that the objectives drive the budget-setting process, but there are also opportunities to ensure that risks to deliverability and available resources are considered when setting those objectives. This is particularly the case given they are longer-term in nature. The well-being statement does not contain information on resourcing the objectives.
- 19 Officials we spoke to recognised the pivotal role the budget-setting process can play in ensuring that the Welsh Government can deliver long-term, preventative benefits. The Budget Improvement Plan identifies a number of actions to develop financial planning arrangements, including by:
- embedding the Act in budget decisions;

- longer-term financial planning - including reference to drawing on sources such as the Future Trends Report and approaches such as scenario modelling;
 - prevention agenda – focusing on deploying resources to support a shift in preventative activities;
 - responding to climate change and biodiversity; and
 - transparency of budget data.
- 20 Officials are considering how they can extend their financial-planning horizon. It will be important for the Welsh Government to continue to develop modelling and scenario planning to inform budget and other decisions.
- 21 The well-being objectives are, on the whole, not easily measurable. The Welsh Government has recognised that the previous well-being objectives were not ‘SMART’ and identified it as an area for improvement, partly in response to feedback from the Commissioner. However, further work would be required to make the objectives SMART and enable clearer reporting.⁴
- 22 The annual reports could also be strengthened to aid planning and support accountability. They describe achievements, grouped by cross-cutting theme, and the supporting annex sets out progress against programme for government commitments. However, this makes it difficult to evaluate overall progress against each well-being objective and identify what further or different action might need to be taken to achieve them.
- 23 At the time we conducted our fieldwork, governance and reporting arrangements were being put in place, including the extension of the ‘Business Information Reporting Tool’ (BIRT) system to monitor delivery across the whole of the Welsh Government. While the wider development and roll out of the BIRT system is positive, it is important that organisations have a system that enables them to gain a corporate picture of delivery.
- 24 The Welsh Government is also continuing its efforts to develop knowledge across the civil service through training and awareness raising. It is seeking to

⁴ There are several versions of this acronym. We use it to refer to Specific, Measurable, Achievable, Realistic and Time-bound.

strengthen policy expertise by incorporating the sustainable development principle into the Policy Capability Framework. We are also aware that the Welsh Government's recent internal restructuring is intended to give more prominence to some key cross-cutting themes and to support delivery against the well-being objectives generally.

- 25 These examples show a continuation of work to embed the sustainable development principle in the Welsh Government's processes and practices, which we referred to in our 2019 examination report. We have not reviewed these arrangements in detail as part of this examination.
- 26 The Commissioner is currently undertaking a review exploring the mechanisms the Welsh Government is putting in place to deliver on the Act. She will therefore consider these and other related arrangements in more detail as part of this work.
- 27 The Welsh Government described some initial reflections on how it set its well-being objectives. It has not yet fully considered the improvements it could make but expects to identify further learning that can be applied in future.

Recommendations

When setting well-being objectives in future, the Welsh Government should:

Recommendation 1: Consider the various ways that it can apply the sustainable development principle throughout its process of setting new well-being objectives. This should include carrying out and/or drawing together the results of involvement, as described in the Act and supporting guidance.

Recommendation 2: Clearly communicate how it has acted in accordance with the sustainable development principle when setting its well-being objectives and how it has done this within its unique context. This should include, for example:

- How it has used a wide range of information to help balance short- and long-term need and make choices about the selection of well-being objectives.
- The results of involvement and how they have informed the setting of well-being objectives.
- How it has taken account of the views of and likely impact on other bodies and their well-being objectives.

The Act requires public bodies to explain why they consider they have set well-being

objectives in accordance with the sustainable development principle in their well-being statements. The Welsh Government's well-being statement should therefore be a useful means of clearly communicating the above.

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Y Memorandwm Cydsyniad Deddfwriaethol ar y Bil Caffael

Legislative Consent Memorandum on the Procurement Bill

Y Pwyllgor Cyfrifon Cyhoeddus a Gweinyddiaeth Gyhoeddus
Public Accounts and Public Administration Committee

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* Saesneg yn unig | English only

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Tystiolaeth i Bwyllgor Cyfrifon Cyhoeddus y Senedd – Y Bil Caffael Cyhoeddus

Cymdeithas Llywodraeth Leol Cymru – Llais Cynghorau Cymru

Mae Cymdeithas Llywodraeth Leol Cymru (y Gymdeithas) yn sefydliad trawsbleidiol dan arweiniad gwleidyddol sy'n ceisio rhoi llais cryf i lywodraeth leol ar lefel genedlaethol. Rydym yn cynrychioli buddiannau llywodraeth leol ac yn hybu democratiaeth leol yng Nghymru.

Ein haelodau yw'r 22 o Gynghorau yng Nghymru ac mae'r tri awdurdod tân ac achub ac awdurdodau'r tri pharc cenedlaethol yn aelodau cyswllt.

Credwn fod y syniadau sy'n newid bywydau pobl yn digwydd yn lleol.

Mae cymunedau ar eu gorau pan maent yn teimlo eu bod wedi cysylltu â'u cynghorau trwy ddemocratiaeth leol. Trwy hyrwyddo'r cysylltiadau hynny, ei hwyluso a'u cyflawni, gallwn ddatblygu democratiaeth leol fywiog sy'n galluogi cymunedau i ffynnu.

Ein nod pennaf yw hyrwyddo llywodraeth leol ddemocrataidd a buddiannau Cynghorau yng Nghymru, eu diogelu, eu cefnogi a'u datblygu.

Byddwn yn cyflawni ein gweledigaeth drwy

- Hyrwyddo swyddogaeth a statws cynghorwyr ac arweinwyr cynghorau
- Sicrhau'r rhyddid mwyaf yn lleol mewn deddfwriaeth neu ganllawiau statudol
- Dadlau o blaid cyllid cynaliadwy a hirdymor i gynghorau a'i sicrhau
- Hybu gwelliant dan arweiniad y sector
- Annog democratiaeth leol fywiog gan hybu mwy o amrywiaeth
- Cefnogi cynghorau i reoli eu gweithluoedd yn effeithiol

Rhagarweiniad

Mae'r Bil Caffael Cyhoeddus yn ymwneud â diwygio'r rheoliadau Caffael a Chontractio presennol, a gychwynnodd gyda Chyngor Gweinidogion yr Undeb Ewropeaidd ym 1962, a'r deddfwriaeth Rhaglenni Cyffredinol a geisiodd gysoni rheolau caffael yn yr aelod-wladwriaethau.

Y diweddariad sylweddol diwethaf oedd Rheolau Caffael a Chontractio 2015 (PCR2015). Roedd hwn yn welliant sylweddol ar y rheolau blaenorol. Gellid gwneud llawer o'r gwelliannau rydym yn ystyried eu gwneud dan y Bil newydd heddiw.

Cafodd cytundebau a wnaed yn yr UE eu deddfu fel is-ddeddfwriaeth o fewn yr aelod-wladwriaethau. Roedd rheolau y cytunwyd arnynt gan y DU o fewn yr Undeb Ewropeaidd yn cael eu hysgrifennu yng nghyfraith y DU ar lefel Genedlaethol y DU. Byddai cyfraniad cychwynol Cymru wedi bod ar lefel Ewropeaidd, yna o amgylch yr is-ddeddfwriaeth mewn cydweithrediad â Llywodraeth y DU.

Roedd "rheoliadau'r UE" wastad wedi cael eu cytuno gan y DU a'u deddfu yng nghyfraith y DU. Cynigiodd Brexit gyfle i ddiwygio a gwella ymhellach. Fodd bynnag, nid oedd yn cynnig rhyddid llwyr. Lluniwyd y rheolau blaenorol gan ymrwymadau'r Undeb Ewropeaidd mewn cytundebau masnach rhyngwladol. Mae ymrwymadau tebyg yn gymwys ym Mhrydain ar ôl Brexit.

Y dasg anodd ar gyfer diwygiad y DU yw bodloni'r rhwymedigaethau hynny yn ogystal â chynnig y rhyddid a'r cyfleoedd i ddylanwadu ar gaffael gwasanaethau cyhoeddus a chefnogi polisiâu ein Gwledydd Cartref. Efallai y bydd gennym ryddid newydd. Fodd bynnag, efallai na fydd ein dewisiadau ymarferol y tu allan i'r UE mor wahanol. Os mai dyma'r achos, efallai y byddwn yn newid y rheoliadau heb fawr o effaith.

Ymateb i Gwestiynau'r Pwyllgor:

Gwestiynau'r Pwyllgor:	Ein Hymateb
Ystyriaeth Llywodraeth Cymru o ran defnyddio'r amser y mae wedi'i nodi ar gyfer y Bil Partneriaeth Gymdeithasol a Chaffael Cyhoeddus (Cymru) i gyflwyno Bil caffael ehangach a fyddai'n cynnwys cwmpas Bil Caffael y DU a'r Bil Partneriaeth Gymdeithasol a Chaffael Cyhoeddus (Cymru);	Ymdriniwyd â phob Bil ar wahân. Rydym wedi bod yn ymgynghori ar y Bil Partneriaeth Gymdeithasol a Chaffael Cyhoeddus, a nododd rhywfaint o'n hadborth bod y darpariaethau sy'n cael eu cynnig eisoes i'w gweld ym Mil Caffael y DU. Ymdriniwyd â'r ymgynghoriad ar hyn ar wahân drwy Swyddogion LIC ac/neu yn uniongyrchol gyda Llywodraeth y DU. Rydym wedi ymgysylltu'n helaeth â Grŵp Cynghori Cenedlaethol Cymdeithas Llywodraeth Leol ar Fil Caffael y DU.
Y diffyg cyfleoedd a'r amserlenni cyfyngedig i'r Senedd gynnal gwaith craffu deddfwriaethol manwl, gan gynnwys ymgysylltu'n drylwyr â rhanddeiliaid o	Mae CLILC a Chynghorau Cymru wedi ymateb i ymgynghoriad Llywodraeth y DU, fel y cynghorwyd gan ein cydweithwyr yn Llywodraeth Cymru.

<p>Gymru, ar faes polisi cyhoeddus mor bwysig</p>	<p>Fodd bynnag, diferyn bychan yn unig oedd ein hymatebion ni ym môr ymatebion grŵp llawer mwy o Wasanaethau Cyhoeddus Lloegr.</p> <p>Mae'n galonogol ac yn achos pryder mai dim ond un llais yn y dorf oedd Cymru. Y farn gyffredin ymysg Cynghorau Cymru yw bod y cynnwys yn cael ei benderfynu gan fwyafrif llawer mwy yn Lloegr.</p> <p>Wedi dweud hynny, mae yna lawer yn gyffredin a llawer i'w hoffi yn y Bil newydd. Mae ein gallu cyfunol i ystyried ei weithrediad yng Nghymru yn cynnig cyfle i wella ei ddarpariaethau ymhellach.</p> <p>Mae yna awydd cryf am ymgynghoriad ar sut y bydd Cymru'n derbyn Bil Caffael y DU.</p> <p>Ymysg agweddau mwy dadleuol y Bil, mae gofynion gweinyddol newydd nad oes gennym yr adnoddau cyffredinol i'w bodloni. Trafodwyd y Gofynion Tryloywder yn benodol o fewn Rhwydwaith Caffael Cenedlaethol CLILC, gyda rhai arweinwyr caffael yn mynnu y dylem dderbyn y darpariaethau fel y'u cyflwynwyd; mae eraill yn dadlau'n angerddol bod y rhain yn risgiau i'n sefydliadau.</p> <p>O fewn y grŵp swyddogion Llywodraeth Leol, lluniwyd Grŵp Diddordeb Arbennig i edrych yn fanwl ar dryloywder. Mae'n amlwg bod llawer o waith eto i'w wneud cyn rhoi'r polisi hwn ar waith.</p>
<p>Hygyrchedd y drefn gaffael newydd a hithau'n cael ei rhannu rhwng dau Fil;</p>	<p>Mae'n debyg y byddai un Bil yn fwy eglur. Fodd bynnag, mae'r pwnc yn bwysig, a gallwn ddeall sut y daethpwyd i lunio dau Fil.</p> <p>Wrth ddeddfu'r drefn, bydd rheol uchafiaeth yn gymwys. Byddai'n gwneud synnwyr i gefnogi'r rheol hon drwy sicrhau bod yr elfennau craidd ar gyfer Cymru yn cael eu sefydlu yn y ddeddfwriaeth</p>

	<p>sylfaenol. Mae'n debyg mai'r Bil Caffael yw hwn.</p> <p>Mae'n debyg y bydd y Bil Caffael yn cynnwys llawer y byddwn eisiau ei gynnwys yn y Bil Partneriaeth Gymdeithasol a Chaffael Cyhoeddus (Cymru). Yn weithredol, mae gan Gyngorau Cymru lawer yn gyffredin â Chyngorau Lloegr. Mae gennym gyfle hefyd i ychwanegu at y rheoliadau newydd wrth eu cymhwyso i Gymru, gan roi gofal dyledus i amrywiaeth diangen, gan y gallai hyn greu problemau anfwriadol gyda systemau, cyflenwyr neu bartneriaid.</p> <p>Fodd bynnag, efallai nad yw deddfwriaeth y DU yn ddigon cryf. Efallai y bydd angen mwy arnom. Rhaid i ni ddeall hefyd a oes yna wahaniaethau pwysig ar gyfer Cymru a sut y bydd y gwahaniaethau hynny'n amlygu yma.</p> <p>P'un a fydd Cymru'n mabwysiadu rheolau'r DU neu'n llunio darn o ddeddfwriaeth ar wahân, y dylem fod yr un mor ddyfal yn ei gylch, yr ystyriaeth o safbwynt CLILC yw cefnogi Cyngorau Cymru.</p> <p>Mae hynny'n golygu gweithredu. Dod o hyd i'r ffordd orau o ddeall y polisïau, ac yna eu cyflawni.</p>
<p>Y graddau y mae'r Gweinidog Cyllid a Llywodraeth Leol a'i swyddogion wedi ymwneud â'r gwaith o lunio a drafftio cymalau ym Mil Caffael y DU a'r prosesau sy'n ymwneud â hyn</p>	<p>Mae CLILC wedi bod yn cyfarfod â swyddogion bob pythefnos, gyda gohebiaeth reolaidd a diweddariad sefydlog yng Nghyfarfodydd misol y Rhwydwaith Caffael Cenedlaethol a gynhaliwyd gan CLILC.</p> <p>Hyd yma, gwnaed y rhan fwyaf o'r gwaith o fewn amserlenni tyn gan Swyddogion Llywodraeth Cymru. Mae mwyafrif y Cyngorau i'w gweld yn fodlon â hyn, ond nid pob un.</p> <p>Gwrthodwyd ein hymdrechion i gynnwys cynrychiolydd yn uniongyrchol yn y tîm gan Lywodraeth Cymru, a nododd broblemau gyda'r polisi Adnoddau Dynol.</p>

	<p>Beth bynnag fo'r trafferthion hyn, rydym yn parhau i fod wedi ymrwymo i weithio gyda'r Gweinidog a'i Thîm ar yr hyn sy'n cael ei gynnwys yn y gyfraith yma yng Nghymru.</p>
<p>Rôl y fframwaith cyffredin dros dro ar gyfer caffael cyhoeddus yn natblygiad y Bil;</p>	<p>Mae'r fframwaith cyffredin dros dro yn ymwneud â rhyngweithrediad masnach o fewn cenhedloedd y DU ac ni chaiff ei ystyried yn sylweddol berthnasol i ddatblygiad y Bil.</p> <p>Cyhoeddwyd y fframwaith cyffredin ar gyfer Caffael Cyhoeddus dros dro ar 27 Ionawr 2022 i alluogi marchnad fewnol y DU i weithredu ar ôl Brexit.</p> <p>Yng nghyd-destun Cymru, ffurfioldeb angenrheidiol ydoedd, i gymryd lle trefniadau a oedd wedi'u gwreiddio yn aelodaeth y Deyrnas Unedig o'r Undeb Ewropeaidd.</p> <p>Ychydig iawn o ran a chwaraeodd Cynghorau Cymru yn ei ddatblygiad, ac ni cheisiwyd eu cyfraniad; er y cafwyd cyfathrebu, trafodaethau ac esboniadau am newidiadau i arferion ar y pryd.</p> <p>Roedd y prif ymholiad i'w weld yn ymwneud â throthwyon, a oedd eisoes yn ddyledus am ddiweddariad rheolaidd. Un newid annisgwyl oedd yr angen am ffordd wahanol o ystyried TAW wrth bennu a fyddai contractau'n cael eu derbyn dan y rheoliadau.</p> <p>Bydd y rheoliadau hyn yn cario drosodd i'r Rheolau newydd.</p>
<p>Lefel yr ymgynghori a gynhaliwyd, os o gwbl, â rhanddeiliaid Cymru i lywio'r broses ddrafftio;</p>	<p>Rhannwyd y Bil drafft gyda budd-ddeiliaid Cymru, er nad oedd yn hysbys ar y pryd pa mor berthnasol a fyddai yn y cyd-destun Cymreig.</p> <p>Bu i'r rhan fwyaf o'r budd-ddeiliaid gael Bil Drafft Lloegr fel rhagflaenydd tebygol i ddeddfwriaeth Cymru, a bu iddynt ymateb i</p>

	<p>Lywodraeth y DU yn yr un modd, gyda chopïau i Lywodraeth Cymru.</p> <p>Mae yna awydd parhaus ymysg Cynghorau Cymru i fabwysiadu rheolau'r DU i'w defnyddio yng Nghymru.</p>
<p>A yw cymalau'r Bil yn wahanol i'r sefyllfa ddeddfwriaethol bresennol ynteu a yw'n ei hatgynhyrchu</p>	<p>Mae'r farn eang yn optimistaidd, gyda'r rhybudd bod y Bil, lle mae'n ymddangos i fod yn rhoi mewn cymal llai cyfyngol, i'w weld yn cymryd yr un faint drwy gymalau eraill.</p> <p>Ystyrir y prosesau caffael newydd arfaethedig yn welliant, a chânt eu croesawu. Mae beichiau gweinyddol mewn mannau eraill yn achos pryder.</p> <p>Yr ystyriaeth bwysig yw p'un a yw'r newid yn ei gyfanrwydd yn cefnogi gwell caffael o'i gymharu â'r rheolau presennol. Rydym yn dal i aros am dystiolaeth ei fod, ond rydym yn obeithiol.</p> <p>Rydym yn cydnabod sut y mae siâp y Bil wedi cael ei ddylanwadu gan ddeng mlynedd o waith ar y Ddeddf Gwerth Cymdeithasol yn Lloegr, gydag ymgais i alluogi mwy o'r arferion da a ddatblygwyd dan ddarpariaethau'r Ddeddf honno.</p> <p>Rydym yn croesawu'r ymgais i wella ar y sefyllfa ddeddfwriaethol bresennol, ond yn cydnabod trafferthion gwneud hynny. Ers i'r DU adael yr Undeb Ewropeaidd, rydym wedi canfod bod y cymalau a briodolwyd i'r UE yn ofynnol yn yr un modd gan gytundebau masnach rydd y tu allan i'r UE.</p> <p>Y manylion a ddywed. Gallwn ddyfalu, ond yn anffodus, nid fydd yr holl fanylion gennym nes y bydd prosesau pellach yn cael eu cwblhau yn Lloegr.</p>
<p>Cyfranogiad y Gweinidog a'i swyddogion drwy gydol y broses graffu a diwygio yn San Steffan</p>	<p>Mae'n anodd gwneud sylwadau'n uniongyrchol ar gyfraniad y Gweinidog gan nad ydym yn monitro gwaith y Gweinidog.</p>

	<p>Fodd bynnag, rydym wedi croesawu diweddariadau rheolaidd gan swyddogion y Gweinidog a oedd yn llawn gwybodaeth ac yn fuddiol.</p> <p>Mae oedi naturiol wedi digwydd wrth geisio cael gwybodaeth gan Lywodraeth y DU drwy ein cydweithwyr yn Llywodraeth Cymru, ond roeddem yn hyderus bod y swyddogion wedi gwneud pob ymdrech i'n diweddarau cymaint ag y gallent. Bu'n bosib i ni ymateb yn yr un modd a darparu gwybodaeth i swyddogion, diolch i gysylltiadau CLILC â'r CLIL a'n sianeli ein hunain i ffynonellau Lloegr, gan gynnwys arbenigwyr caffael mewn Cyngorau yn Lloegr a'u cysylltiadau yn Whitehall.</p> <p>Galluogodd hyn i ni gydweithio a chefnogi ein gilydd yn dda. Rhyngom, bu i ni lwyddo i roi'r holl wybodaeth angenrheidiol i'r rhwydweithiau ymarferwyr.</p> <p>Byddwn yn disgrifio'r berthynas waith fel un agos. Mae'r trefniadau gwaith a luniwyd yn ystod Pandemig Covid-19 wedi sicrhau bod y cyswllt rhwng swyddogion polisi caffael Llywodraeth Cymru, swyddogion CLILC ac Ymarferwyr Caffael Cyngorau Cymru yn gadarn iawn, yn well erbyn hyn nag y bu erioed.</p>
<p>Y rheoliadau a fydd yn angenrheidiol o bosibl i weithredu'r diwygiadau o dan y Bil ac o dan ba bwerau (a gweithdrefnau) yn y Bil.</p>	<p>Effaith Reoliadol</p> <p>Mae caffael yn cyfeirio at unrhyw a phob polisi sy'n ymwneud â darparu nwyddau a gwasanaethau gan drydydd parti, gan gynnwys darpariaeth fewnol sy'n destun penderfyniadau "Gwneud neu Brynu".</p> <p>Mae hyn yn cynnwys yr holl nwyddau, gwasanaethau, cyfleustodau a chonhesiynau sy'n cael eu caffael yn gyhoeddus.</p> <p>Mae'r pwerau (a gweithdrefnau) yn y Bil felly'n debygol o fod yn gymwys i'r rhan</p>

fwyaf o'r pwerau sydd gan sefydliadau gwasanaeth cyhoeddus.

Gweithredu

Bydd pŵer Cyngorau dros Les Cymunedol yn helpu'r gweithrediad a dylai sicrhau cymhwysiad sy'n cefnogi gwell darpariaeth o wasanaethau rheng flaen.

Mae Deddf Llesiant Cenedlaethau'r Dyfodol a'r Ddeddf Gwasanaethau Cymdeithasol hefyd yn bwysig yng nghydestun darparu, gan eu bod yn egluro ymhellach y ffordd o weithio a'r blaenoriaethau ar gyfer gwasanaethau cyhoeddus mewn categori hanfodol strategol. Fodd bynnag, ychydig iawn o ddeddfwriaeth sydd heb ei gyffwrdd gan y Bil hwn mewn rhyw ffordd.

Cynnydd gyda'r Bil, Polisi Cymru, MCD

Mae yna gryn dipyn o optimistaeth yma, ond mae yna risgiau hefyd, yn arbennig ein gallu ymarferol i gyflawni'r uchelgais.

Mae caffael yn fater sydd wedi'i ddatganoli, yn dod o dan gymhwysedd Gweinidogion Cymru. Yn ymarferol, rydym yn disgwyl cyd-fynd â diwygiadau Llywodraeth y DU ar y cyfan, oni fod rheswm da dros beidio, e.e. pan fyddai'n llesteirio cymhwysiad polisiâu Cymreig pwysig.

Rydym wedi bod yn dilyn cynnydd deddfwriaeth yn Lloegr er mwyn rhagweld cyfeiriad ac effaith y diwygiad yma. Ond ni allwn wybod yn iawn beth fydd hyn yn ei olygu i Gymru nes y bydd Llywodraeth y DU wedi cwblhau ei brosesau ac y bydd Gweinidogion Cymru wedi penderfynu a fyddant yn derbyn y darpariaethau fel y maent neu'n gweithredu'n wahanol.

Nid oeddem wedi ein synnu o ddysgu bod nifer o gwestiynau wedi codi o amgylch y ddeddfwriaeth yn Lloegr, gyda Chyngorau Lloegr yn amlygu pryderon dilys a fyddai'r

	<p>un mor berthnasol yma. Er enghraifft, bu i ni nodi barn gref ymysg y proffesiwn cyfreithiol ynglŷn â drafftio, natur a gweithrediad rhestr wahardd a reolir yn ganolog.</p> <p>Y targed ar gyfer Llywodraeth y DU yw deddfu'r Rheoliadau Caffael newydd erbyn diwedd 2023.</p> <p>O ystyried nifer a natur yr ymholiadau, rydym yn bryderus bod amserlenni Llywodraeth y DU yn ymddangos yn uchelgeisiol ac yn mynd yn fwyfwy anodd eu bodloni.</p> <p>Ein dealltwriaeth yw y bydd pob ymdrech yn cael ei wneud i gydweddu, er na fydd hynny'n bosib bob tro, ac yn y manylion y mae'r maglau.</p> <p>Gwelsom fod Llywodraeth Cymru wedi gosod Memorandwm Cydsyniad Deddfwriaethol (MCD) ar y Bil ger bron y Senedd ar 9 Mehefin 2022, ac yna MCD Atodol ar 11 Gorffennaf 2022. Bydd y rhain yn cael eu hystyried a bydd adroddiad yn cael ei lunio arnynt, i'r Senedd, erbyn 10 Tachwedd 2022.</p> <p>Roeddem o'r farn bod y ddau MCD wedi'u hysgrifennu'n dda ac yn amlygu materion perthnasol. Hoffem feddwl bod swyddogion a Gweinidogion yn cael yr holl wybodaeth angenrheidiol drwy'r cyfarfodydd a'r trafodaethau parhaus â'r Cynghorau, gan gynnwys y cymorth rydym ni'n ei roi iddynt drwy CLILC. Ac yn yr un modd, ein bod ninnau'n cael yr holl wybodaeth angenrheidiol ganddynt hwythau.</p>
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Evidence to the Senedd Public Accounts Committee – Public Procurement Bill

Welsh Local Government Association - The Voice of Welsh Councils

The Welsh Local Government Association (WLGA) is a politically led cross party organisation that seeks to give local government a strong voice at a national level.

We represent the interests of local government and promote local democracy in Wales.

The 22 councils in Wales are our members and the 3 fire and rescue authorities and 3 national park authorities are associate members.

We believe that the ideas that change people’s lives, happen locally.

Communities are at their best when they feel connected to their council through local democracy. By championing, facilitating, and achieving these connections, we can build a vibrant local democracy that allows communities to thrive.

Our ultimate goal is to promote, protect, support and develop democratic local government and the interests of councils in Wales.

We’ll achieve our vision by

- Promoting the role and prominence of councillors and council leaders
- Ensuring maximum local discretion in legislation or statutory guidance
- Championing and securing long-term and sustainable funding for councils
- Promoting sector-led improvement
- Encouraging a vibrant local democracy, promoting greater diversity
- Supporting councils to effectively manage their workforce

Introduction

The Public Procurement Bill concerns reform of the current Procurement & Contracting regulations which originated with the European Union Council of Ministers in 1962 and the General Programmes legislation which sought to harmonise procurement rules in member states.

The last substantial update was the Procurement & Contracting Rules 2015 (PCR2015). This was a significant improvement on previous rules. Many of the improvements we’re looking to do under the new Bill could be done today.

Agreements made in the EU were enacted as secondary legislation within member states. Rules agreed by the UK within the European Union written in UK law at UK National level. Welsh involvement would initially have been at European level; then around the secondary legislation in collaboration with UK Government.

“EU regulations” had always been agreed by the UK and enacted in UK law. Brexit offered an opportunity for reform and further improvement. It did not however provide free reign. The previous rules were shaped by the European Union’s commitments in international trade agreements. Similar commitments apply to post-Brexit Britain.

The difficult task for the UK's reform is to meet those obligations while providing the freedoms and opportunities to leverage public service procurement and support the policies of our Home Nations. It may be that we have new freedoms. It may however be that our practical options outside the EU are not so different. If this is the case, we might change the regulations to little effect.

Response to the Committee's Questions:

Committee's Question	Our Response
<p>The consideration given by the Welsh Government to using the time it has identified for the Social Partnership and Public Procurement (Wales) Bill to bring forward a wider procurement Bill that covered the scope of both the UK Procurement Bill and the Social Partnership and Public Procurement (Wales) Bill</p>	<p>Each Bill has been handled separately.</p> <p>We've been consulting on the SPPP Bill and some of our feedback identified that the provisions being proposed are already in the UK procurement Bill.</p> <p>The consultation on this has been handled separately via WG Officials and/or directly with UK Government.</p> <p>We have been engaged extensively with the Local Government Association's National Advisory Group on the UK Procurement Bill.</p>
<p>The lack of scope and constrained timeframes for detailed legislative scrutiny by the Senedd, including thorough engagement with Welsh stakeholders, on such an important area of public policy;</p>	<p>WLGA and Welsh councils have responded to the UK Government consultation, as advised by colleagues in Welsh Government.</p> <p>Our responses will however have been as a drop in the ocean of responses from a much bigger group of English Public Services.</p> <p>It is both assuring and concerning that the Welsh voice was merely one in the crowd. The prevailing view among Welsh Councils is that the content is being decided by a much bigger majority in England.</p>

	<p>That said, there is much in common and much to like in the new Bill. Our collective ability to consider its implementation in Wales does provide an opportunity to further improve its provisions.</p> <p>There is a strong appetite to consult on the Welsh uptake of the UK Procurement Bill.</p> <p>Among the more controversial aspects of the Bill are new administrative requirements that we are not universally resourced to meet. The Transparency Requirements in particular have been discussed within the WLGA's National Procurement Network, with some procurement leads adamant that we should accept the provisions as given; others arguing passionately that there are risks to our organisations.</p> <p>Within the Local Government officer group, a Special Interest Group has been formed to look closely at transparency. There is evidently much work still to do before the implementation of this policy.</p>
<p>The accessibility of the new procurement regime when it is split over two Bills;</p>	<p>One Bill would probably be clearer. The subject matter is however important, and we can understand how two Bills came to be formed.</p> <p>In enacting the regime, the rule of primacy will apply. It would make sense to support his rule by ensuring that the core elements for Wales are embedded in the primary legislation. This is probably the Procurement Bill.</p> <p>It is likely that the Procurement Bill will include much that we want in the Social Partnership & Public Procurement (Wales) Bill. Operationally, Councils in Wales</p>

	<p>have much in common with Councils in England. We also have an opportunity to supplement the new regulations in their Welsh application; with due caution for unnecessary variation as this might create unintended issues with systems, suppliers or partners.</p> <p>It might however be that the UK legislation isn't strong enough. We may need more. We must also understand if there are important distinctions for Wales and how those distinctions are to be manifested here.</p> <p>Whether done as Welsh adoption of the UK Rules; or as a separate piece of legislation for Wales, in which we should be equally diligent; the consideration from the WLGA perspective, is to support Welsh Councils.</p> <p>That means deployment. Finding the best way to get the policies understood, then delivered.</p>
<p>The degree of involvement the Minister for Finance and Local Government and her officials have had in shaping and drafting clauses of the UK Procurement Bill and the processes relating to this;</p>	<p>WLGA has been meeting fortnightly with officials, supported by regular correspondence and a standing update at the monthly National Procurement Network meetings hosted by WLGA.</p> <p>So far, the majority of work has been done to tight timescales by Welsh Government Officials. Most Councils seem to be content with the contingency of this; but not all.</p> <p>Our attempts to get a representative directly involved in the team were rejected by Welsh Government, citing issues relating to Human Resources policy.</p>

	<p>Whatever these difficulties were, we remain committed to working with the Minister and her team on what goes into the law here in Wales.</p>
<p>The role the provisional common framework for public procurement had in the development of the Bill;</p>	<p>The provisional common framework is around the interoperation of trade within the nations of the UK and not considered to be substantively relevant to the development of the Bill.</p> <p>The provisional common framework for Public Procurement was published on 27 January 2022 to enable the functioning of the UK internal market, post Brexit.</p> <p>In the Welsh context, it was a necessary formality, replacing arrangements that had been embedded in the United Kingdom’s membership of the European Union.</p> <p>There was little involvement by Welsh Councils in its development and none was sought; although there were communications, discussions and clarifications about practice changes at the time.</p> <p>The main query seemed to be around thresholds, which were already due for periodic update. One unexpected change was the need for a different way of considering VAT when determining whether contracts were captured by the regulations.</p> <p>These provisions will carry forward into the new Rules</p>
<p>The level, if any, of consultation undertaken with Welsh stakeholders to inform the drafting process;</p>	<p>The draft Bill was shared with Welsh stakeholders although it was not known at the time what the relevance was going to be in the Welsh context.</p>

	<p>Most stakeholders received the English Draft Bill as a likely precursor to the Welsh legislation and responded to the UK Government in that vein with copies to the Welsh Government.</p> <p>There is an ongoing appetite from Welsh Councils to inform the adoption of the UK rules into Welsh application.</p>
<p>Whether clauses of the Bill differ from or replicate the current legislative position;</p>	<p>The broad view is optimistic; with the caveat that where the Bill appears to give in a less restrictive clause it seems to take in equal measure through other clauses.</p> <p>The proposed new procurement processes are considered an improvement and are welcome. New administrative burdens elsewhere are cause for concern.</p> <p>The important consideration is whether the whole change supports better procurement, when compared to the current rules. We have yet to see evidence that it does; but we are hopeful.</p> <p>We recognise how the shape of the Bill has been influenced by ten years of work on the Social Value Act in England with an attempt to enable more of the good practice developed under the provisions of that Act.</p> <p>We welcome the attempt to improve on the current legislative position; but recognise the difficulties in doing so. Since the UK left the European Union, we have discovered that the clauses attributed to the EU are similarly</p>

	<p>required by free trade agreements outside of the EU.</p> <p>The detail will tell. We can speculate, but unfortunately, we do not have all of that detail until further process is completed in England.</p>
<p>The involvement of the Minister and her officials throughout the scrutiny and amending process in Westminster;</p>	<p>It is difficult to comment directly on the Minister's involvement; we do not monitor the Minister's work.</p> <p>We have however been provided with periodic updates by the Ministers officials which were welcome, informative and helpful.</p> <p>There have been natural delays in getting information from UK Government via Welsh Government colleagues; but we were confident that officials had made every effort to keep us up to date as best they could. We were able to reciprocate and provide information to officials thanks to WLGA's connections to the LGA and our own channels into English sources, including procurement experts in English Councils and their contacts in Whitehall.</p> <p>This enabled good collaboration and mutual support. Between us, we were able to keep the practitioner networks well informed.</p> <p>I would describe the working relationship as close. The working arrangements formed during the Covid-19 Pandemic have ensured that the link between Welsh Government procurement policy officials, WLGA officers and procurement Practitioners in Welsh Councils is very strong, better now than it has ever been.</p>

<p>The regulations potentially necessary to implement the reforms under the Bill and under which powers (and procedures) in the Bill. It would also be helpful if you could share with us any further thoughts you have on the Legislative Consent Memorandums for the UK Procurement Bill.</p>	<p>Regulatory Impact</p> <p>Procurement refers to any and all policies concerned with the provision of goods and services by third parties; including in-house provision that is subject to “Make or Buy” decision making.</p> <p>This includes all public procurement of goods, services, utilities, and concessions.</p> <p>The powers (and procedures) in the Bill are therefore likely to apply to most of the powers that public service organisations have.</p> <p>Implementation</p> <p>Councils power for Community Well Being will help implementation and should assure application that supports better deliver of front-line services.</p> <p>The Well Being of Future Generations Act and the Social Services Act are also important in the context of delivery because they further clarify the way of working and the priorities for public services in a strategic critical category. There is however little legislation that is untouched by this Bill in some form.</p> <p>Progress of the Bill, Welsh Policy, LCM’s.</p> <p>There is great optimism here; but there are also risks, not least of which is our practical capability to deliver the ambition.</p> <p>Procurement is a devolved matter, falling within the competence of</p>
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Welsh Ministers. In practical terms we expect to largely go along with the UK Government reforms, unless there is a good reason not to e.g. where it would fetter the application of important Welsh policies.

We have been following the progress of legislation in England to anticipate the direction and impact of reform here; but we cannot know for sure what this will mean to Wales until the UK Government has completed its processes and Welsh Ministers have decided whether to accept the provisions as written, or act differently.

We were not surprised to learn that there were many queries around the legislation in England; with valid concerns highlighted by English Councils which would apply equally here. As a ready example, we noted strong views from the legal profession around the drafting, nature and operation of a centrally controlled debarment list.

The target for UK Government is to have the new Procurement Regulations enacted in late 2023. Given the number and nature of queries, we are concerned that the UK Government's timelines are looking ambitious and increasingly difficult to meet.

Our understanding is that every effort will be made to create alignment; although that might not always be possible, and the devil is in the detail.

We saw that the Welsh Government laid a Legislative Consent Memorandum (LCM) on the Bill before the Senedd on 9 June 2022, then on 11 July 2022

	<p>a Supplementary LCM. These will be considered and reported on, to the Senedd, by 10 November 2022.</p> <p>We considered both LCM's to be well written, highlighting relevant matters. We like to think that officials and Ministers are being well informed by the ongoing meetings and discussions that they are having with Councils, including the help we are giving through the WLGA. And that we are likewise well informed in return.</p>
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Senedd Cymru	Welsh Parliament
Y Pwyllgor Cyfrifon Cyhoeddus a Gweinyddiaeth Gyhoeddus	Public Accounts and Public Administration Committee
Y Memorandwm Cydsyniad Deddfwriaethol ar y Bil Caffael	Legislative Consent Memorandum on the Procurement Bill
Ymateb gan Gyngor Bwrdeistref Sirol Caerffili	Evidence from Caerphilly County Borough Council

Caerphilly County Borough Council Response – September 2022

Public Accounts and Public Administration Committee - Legislative Consent Memorandums in relation to the UK Procurement Bill

1. The consideration given by the Welsh Government to using the time it has identified for the Social Partnership and Public Procurement (Wales) Bill to bring forward a wider procurement Bill that covered the scope of both the UK Procurement Bill and the Social Partnership and Public Procurement (Wales) Bill.

Answer: - Procurement reform should be formulated into one bill that covers all aspects of procurement across UK/Wales and supports the well-being and future generation act. The principles of procurement need to remain across the UK, however with aspects of the social partnership and procurement Bill that could strengthen the UK procurement Bill. This was highlighted as part of early consultation on the social partnership and procurement bill. Local government in Wales were consulted on options for a UK and Wales Bill on Public procurement. For clarity, it is felt Wales should adopt the UK Bill in entirety, to have more than one procurement regime across the UK would cause confusion amongst the supply chain and in some cases may reduce bidders for Welsh contracts, which will impact best value. The application of more than one procurement regime will cause confusion in what is already an over legislative policy area, which lacks resource and resilience.

2. The lack of scope and constrained timeframes for detailed legislative scrutiny by the Senedd, including thorough engagement with Welsh stakeholders, on such an important area of public policy.

Answer: - In relation to stakeholder engagement and consultation, UK Government held extensive consultation on the draft legislation. However, it is understood that the Bill has been subject to a number of amendments via the

house of Lords therefore current direction of travel for the UK procurement Bill lacks detail and consultation.

3. The accessibility of the new procurement regime when it is split over two Bills.

Answer: - It is concerning that procurement within Wales may have long term confusion due to process being covered by two Bills. For consistency and simplicity one Bill which mirrors that of the UK government will provide transparency and confidence for both the buyer and seller. It is a concern that the amount of process and reporting that could be generated by two bills in an area of public procurement which is already over scrutinised and constantly reviewed within Wales. Currently, there is far too much duplication and uncertainty on procurement policy within Wales, as detailed in question 1 above.

4. The degree of involvement the Minister for Finance and Local Government and her officials have had in shaping and drafting clauses of the UK Procurement Bill and the processes relating to this.

Answer: - We would not know the level of detail of engagement from Welsh Ministers and Officers, however, there has been adequate consultation and awareness raising on these matters. Stakeholders have provided feedback when requested. Stakeholders have been assured by Officers of Welsh Government that Welsh Government have participated in the development of the proposed UK Procurement Bill.

5. The role the provisional common framework for public procurement had in the development of the Bill.

Answer: - This question is for Welsh Government Officials to answer.

6. The level, if any, of consultation undertaken with Welsh stakeholders to inform the drafting process.

Answer: - As above, adequate consultation undertaken at all junctures.

7. Whether clauses of the Bill differ from or replicate the current legislative position.

Answer: - In many cases the clauses of the Bill differ from those of current legislation, however the outcomes could remain the same. The current legislation has clear linkages with policy and wider Welsh legislation. It is hoped that the proposed new legislation will provide more flexibility and clarity

on delivering key outcome objectives associated with the Well Being and Future Generation Act.

8. The involvement of the Minister and her officials throughout the scrutiny and amending process in Westminster.

Answer: - This question is for Welsh Government Officials to answer; however, stakeholders have been assured that Officers have been participating in all aspects of the development of the Bill.

9. The regulations potentially necessary to implement the reforms under the Bill and under which powers (and procedures) in the Bill.

Answer: - This level of detail is currently unknown at the moment due to the fact that the amendments to the proposed bill are not fully known. As with the introduction of any new legislation extensive regulations and training will be required. It is important that Welsh Government allows sufficient time, resource, and funding for the upskilling of Procurement professionals and other professionals impacted by this legislation. The current proposals of the UK Legislation and the Welsh Government Social Partnership & Procurement Bill is a fundamental change in mind set and culture, therefore, dedicated support will be required on the buyer and supplier side. Consideration needs to be given how this element is supported by the work of the proposed Procurement Centre of Excellence-Wales.

Senedd Cymru	Welsh Parliament
Y Pwyllgor Cyfrifon Cyhoeddus a Gweinyddiaeth Gyhoeddus	Public Accounts and Public Administration Committee
Y Memorandwm Cydsyniad Deddfwriaethol ar y Bil Caffael	Legislative Consent Memorandum on the Procurement Bill
Ymateb gan Gartrefi Cymunedol Cymru	Evidence from Community Housing Cymru

Public Accounts and Public Administration Committee consultation - Welsh Government Legislative Consent Memorandum on the UK Procurement Bill

About CHC and HAs

Community Housing Cymru (CHC) is the voice of housing associations in Wales. We represent and support 36 housing associations. Our members provide almost 165,000 homes to 10% of the Welsh population and contribute significantly to the Welsh foundational economy.

For the purposes of this briefing, housing associations are referred to as Registered Social Landlords (RSLs).

Clarification on exemption of RSLs from the UK Procurement Bill

This response builds upon our submission to the Welsh Government consultation on the Social Partnerships and Procurement (Wales) Bill in summer 2022.

We note the proposed benefits of the UK Procurement Bill are to apply a consistent procurement regime to all public sector bodies in England, Wales and Northern Ireland.

CHC noted the exemption of RSLs from the Social Partnerships and Procurement (Wales) Bill. The relevant text within the explanatory memorandum to the Bill as introduced reads: '*Bodies subject to the Socially Responsible Public Procurement Duties do not include HE and FE institutions or Registered Social Landlords.*' However we understand that RSLs will be considered a contracting authority under the UK legislation.

The divergence in approach risks confusion which could create additional cost and administrative burden on RSLs. It is as yet unclear what the Welsh procurement statement will require RSLs to have due regard to and therefore it

is difficult to anticipate the additional costs and requirements of RSLs who often have a small procurement function or no dedicated procurement staff at all.

We note that the Procurement Bill considers RSLs to be contracting bodies for the purpose of the bill. It would be helpful to understand the rationale for this given that RSLs are not classified as public bodies. We would like assurance that the inclusion of RSLs in this manner does not jeopardise their position as non-public bodies by extending control from the state over RSLs. The reclassification of Welsh RSLs by the ONS in 2016 presented significant risks for the sector and, if it had not subsequently been reversed, would have required the transfer of debt onto the public balance sheet and the limitation of borrowing powers by RSLs. The work of the Welsh and UK Government to reduce the degree of national and local government control of housing associations has mitigated this risk and RSLs were reclassified back into the private sector in 2018. We are keen to ensure that there are no unintended consequences from this legislation and the associated requirements on the operations and purchasing decisions of RSLs. RSLs in Wales currently have access to up to £4bn of borrowing facilities which they use to invest in homes and communities in Wales, thereby making every pound of public investment go further and it is crucial to their business model that they remain outside of the public sector.

RSLs operate on a basis of delivering maximum value for money to tenants and wider communities. Therefore, RSLs largely agree with the principles and objectives of the Bill. Welsh RSLs are committed to building the foundational economy in the areas they operate and they routinely incorporate community benefits into their tendering processes. CHC, on behalf of RSLs, are currently working with the Welsh government to better understand the UK and Welsh legislation so that they are able to operate within its spirit.

LEGISLATIVE CONSENT MEMORANDUM

Procurement Bill

1. This legislative consent memorandum (LCM) is laid under Standing Order (“SO”) 29.2. SO29 prescribes that a legislative consent memorandum must be laid, and a legislative consent motion may be tabled, before Senedd Cymru if a UK Parliamentary Bill makes provision in relation to Wales for any purpose within, or which modifies the legislative competence of the Senedd.
2. The Procurement Bill (“the Bill”) was introduced in the House of Lords on 11 May 2022 and Lords Second reading took place on 25 May. The Bill can be found at: [Procurement Bill \[HL\] - Parliamentary Bills - UK Parliament](#).
3. On 24 May I wrote to the Llywydd explaining that due to the scale and complexity of the Bill and the number of provisions which are subject to consent, it has not been possible to lay this LCM within the normal two week SO29 deadline.

Policy Objective(s)

4. The stated policy objectives of the UK Government are:
 - to speed up and simplify public procurement processes
 - to place value for money at their heart
 - to create greater opportunities for small businesses and social enterprises to innovate public service delivery.

Summary of the Bill

5. The Bill is sponsored by the Cabinet Office.
6. The purpose of the Bill is to introduce revised legislation for the processes and procedures governing public procurement. It will be a revision of the current procurement law regime (including the repeal of the Public Contract Regulations 2015) which are derived from EU Directives.
7. The procurement landscape is quite complex when referring to public bodies. Therefore, the following references have been used in this document to provide clarity:
 - ‘Contracting authorities’ (CAs) - all public bodies subject to the Bill
 - ‘Devolved Welsh Authorities’ (DWAs) - as defined by section 157A of the Government of Wales Act 2006 (“GoWA”)
 - ‘Welsh Contracting Authorities’ (WCAs) - the contracting authorities in Wales which are subject to the Bill (these are referred to as

“devolved Welsh authorities” in the Bill itself) and in relation to whom relevant powers and duties conferred upon the Welsh Ministers under the Bill apply.

8. The key differences and points of note for Wales in the Bill compared with the existing legislation include the following:

- The legislation includes a power for the Welsh Ministers to publish and a requirement for WCAs to have regard to the Wales Procurement Policy Statement.
- The contract term for reserving contracts to public service mutuals is increased from three years to five years.
- The number of procurement procedures is reduced with the introduction of a new competitive procedure which is flexible and can be tailored to the specific requirements of the procurement concerned.
- A new provision is included for direct award to protect life, etc.
- Increased requirements for ensuring transparency, which means a greater number of procurement notices will be published.
- A central debarment list will be created to ensure contracting authorities do not award contracts to suppliers who have breached exclusion grounds, which are also set out in the Bill.
- Provisions for WCAs to follow regulated below threshold procurements.
- A procurement oversight provision which will give the Welsh Ministers powers to investigate WCAs compliance with requirements of the legislation.

9. Another key difference, which is considered a significant benefit, is that the definition for WCAs within the Bill is wider than the definition of Devolved Welsh Authorities in GoWA. This means that a greater number of CAs in Wales will follow the ‘Welsh’ provisions within the Bill.

10. My officials have worked closely with officials in the Cabinet Office to ensure that Welsh policy objectives have been included in the Bill. The level of engagement with the Cabinet Office at official level has been generally positive.

Interaction of the Bill with other legislation

11. The Social Partnership and Public Procurement (Wales) Bill (SPPP Bill) was introduced into the Senedd on 7 June 2022. This Bill also proposes to place procurement obligations on defined Welsh public bodies, requiring them to carry out procurement in a socially responsible way.

12. Whilst the UK Government’s Procurement Bill focuses on the processes underpinning procurement, the SPPP Bill focuses on ensuring socially responsible outcomes are achieved from our procurement. Together these two Bills will provide a new regime for procurement that delivers

social, environmental, economic and cultural outcomes, including fair work.

13. My officials are working closely on both Bills to ensure that any areas where there is potential for duplication, contradiction or confusion will be resolved or mitigated.
14. It should be noted that the list of WCAs subject to the Procurement Bill is much wider than those that will be subject to the SPPP Bill. The scope of the Procurement Bill covers the processes and procedure that underpin procurement. The processes are key for delivery of procurement strategies and the other key procurement requirements in the SPPP Bill. Importantly, it will also ensure the UK's compliance to its obligations under the Agreement on Government Procurement (GPA), a plurilateral agreement within the framework of the World Trade Organisation.
15. The Bill also interacts with the Trade (Australia and New Zealand) Bill. That Bill was also introduced into the UK Parliament (House of Lords) on 11 May and is being sponsored by the Department for International Trade, it is available [here](#). Royal Assent is expected by late 2022/early 2023. The Trade (Australia and New Zealand) Bill is to be repealed by the Procurement Bill, as will the amendments to the GoWA made by the Trade (Australia and New Zealand) Bill be.

Provisions in the Bill for which consent is required

16. I consider that consent is required in relation to provisions contained in the clauses identified below in so far as they make provision which is "relevant provision" for the purposes of SO29.

Part 1 – Key Definitions

17. This Part sets out the key definitions of the Bill and their meaning, including contracting authorities, public contracts, valuation of contracts, mixed procurement, utilities contracts, defence and security contracts, light touch contracts and concession contracts.
18. Associated information on estimating the value of a contract is detailed in Schedule 3 and information on utilities is detailed in Schedule 4.
19. Schedule 1 sets out the threshold amounts for the purpose of the definition of "public contract" in clause 2. Schedule 2 details information on contracts that are exempted from the legislation.
20. Consent is required in relation to provisions contained in clauses 1 to 5 and 7 to 9 and related provisions in Schedules 1, 2, 3 and 4.
21. These provisions confer functions on DWAs and are therefore "relevant provisions" for the purposes of SO29.

Part 2 – Principles and Objectives

22. This Part details the procurement principles and objectives to which contracting authorities must have regard to. It also includes reference to the Wales Procurement Policy Statement.
23. Where the legislation refers to a CA undertaking a procurement, this includes a CA undertaking a procurement on its own behalf; jointly with another person; through another person, or procurement by a centralised procurement authority.
24. The Welsh Ministers may publish a statement under this Part which sets out the Welsh Government's strategic priorities in relation to procurement, known as the Wales Procurement Policy Statement.
25. Consent is required in relation to provisions contained in clauses 10,11 and 13. These provisions confer functions on DWAs and are therefore "relevant provisions" for the purposes of SO29.

Part 3 – Award of Public Contracts and Procedures

26. This Part details the procedures for the award of public contracts.

Chapter 1 – Preliminary Steps

27. Preliminary steps include publication of planned procurement notices, detail on preliminary market engagement, etc. Preliminary market engagement includes using suppliers to help develop a specification or designing a procurement process but without allowing unfair advantage for those suppliers in the procurement itself.
28. This chapter also covers the practice of breaking contracts down into lots.
29. Consent is required in relation to provisions contained in clauses 14 to 17. These provisions confer functions on DWAs and are therefore "relevant provisions" for the purposes of SO29.

Chapter 2 – Competitive Award

30. This chapter deals with the award of public contracts and required notices. It also covers award criteria, specifications, and conditions of participation.
31. In a competitive tendering procedure, a CA may only award a contract to the supplier that submits the "most advantageous tender". This chapter details the provisions for this. Conditions of participation refers to the conditions that are essential to ensure that the supplier has the legal and financial capacity, and the technical ability to fulfil the requirements of the contract.
32. The exclusion of suppliers is also dealt with in this chapter. The exclusions regime under the Bill will help to ensure that public contracts

are not awarded to suppliers where their past behaviour or current circumstances (or that of connected individuals/entities e.g., those with “significant control” over the supplier) means it would be too risky to award the contract to that supplier and that risk outweighs the public interest in allowing the supplier to compete for a public contract. The list of exclusion grounds is provided in Schedules 6 and 7.

33. Consent is required in relation to provisions contained in clauses 18 to 39. These provisions confer functions on DWAs and are therefore “relevant provisions” for the purposes of SO29.

Chapter 3 – Direct Award

34. This chapter details direct award in special cases, to protect life and also details transparency notices.

35. Direct award allows a contract to be awarded directly to a supplier (as long as they are not an excluded supplier) where one of the justifications for direct award applies.

36. The purpose of this chapter is to ensure procurements during an emergency event (such as the Covid-19 pandemic) can be made as quickly and transparently as possible.

37. The details of the direct award justifications are set out in Schedule 5.

38. Consent is required in relation to provisions contained in clauses 40 to 43 and related provisions in Schedule 5.

39. Clauses 40, 42 and 43 confer functions on DWAs and clause 41 confers a power on a Minister of the Crown to make regulations in relation to DWAs.

40. These provisions are therefore “relevant provisions” for the purposes of SO29.

Chapter 4 – Award under Frameworks

41. This chapter details all requirements under the award of a framework, including open frameworks.

42. A “framework” is a contract between a CA and one or more suppliers in which the award of future contracts under the framework can be made.

43. An “open” framework is a scheme under which new suppliers can be added to the scheme at set times during its lifetime. It sets out the minimum frequency of when an open framework must be reopened.

44. Consent is required in relation to provisions contained in clauses 44 to 47. These provisions confer functions on DWAs and are therefore “relevant provisions” for the purposes of SO29.

Chapter 5 – After award, standstill periods and notices

45. Contact award notices, standstill and key performance indicators are detailed in this chapter.

46. An ‘award notice’ is a notice setting out that the contracting authority intends to enter a contract.

47. The mandatory standstill period is 8 working days which begins on the day the award notice is published. A contract must not be entered into before the end of any mandatory standstill period. Before entering into a contract worth £2 million or more, CAs must set and publish at least three key performance indicators in respect of the contract.

48. Consent is required in relation to provisions contained in clauses 48 to 51. These provisions confer functions on DWAs and are therefore “relevant provisions” for the purposes of SO29.

Chapter 6 – General Provision about award and procedures

49. This chapter details time limits and termination, excluding suppliers and debarment.

50. The Bill requires a CA to confirm (by way of a notice) if it decides not to award a procurement, i.e., if it terminates a procurement process.

51. CAs have always had the ability to exclude suppliers but the Bill will place a duty on them to notify the appropriate Minister regarding suppliers which they have excluded. WCAs will need to provide this notification to the Welsh Ministers who will have powers to investigate such suppliers. If the Welsh Ministers consider it appropriate, they may refer the supplier to a Minister of the Crown who will ultimately decide if the supplier should be debarred. The debarment list will be centralised and managed by UK Government and its effect will be to exclude suppliers from Government contracts for a specified period or until self-cleaning has taken place. The debarment list will be published and it will sit alongside the exclusions regime as an additional protection against contracts being awarded to unfit suppliers.

52. Schedules 6 and 7 contain provision in relation to the mandatory exclusion grounds and the discretionary exclusion grounds.

53. Consent is required in relation to provisions contained in clauses 52 to 61 and related provisions in Schedules 6 and 7.

54. Clauses 52 to 58, 60 and 61 confer functions on DWAs and clause 59 confers functions on a Minister of the Crown which are exercisable in relation to DWAs.
55. These provisions are therefore “relevant provisions” for the purposes of SO29.

Part 4 – Management of Public Contracts

56. This Part includes clauses on implied terms, notices relating to payments and performance, sub-contracting, the modifying of public contracts and termination rights and notices.
57. It introduces provisions relating to e-invoicing and prompt payment.
58. There is also a power for the Welsh Ministers to make regulations changing the relevant financial threshold or time limit in relation to the prompt payment provisions.
59. CAs may modify a contract during its term. Permitted contract modifications are laid out in Schedule 8.
60. Consent is required in relation to provisions contained in clauses 62 to 73 and related provisions in Schedule 8. These provisions confer functions on DWAs and are therefore “relevant provisions” for the purposes of SO29.

Part 5 – Conflicts of Interest

61. This Part deals with the identification, mitigation and assessment of conflicts of interest.
62. Consent is required in relation to provisions contained in clauses 74 to 76. These provisions confer functions on DWAs and are therefore “relevant provisions” for the purposes of SO29.

Part 6 – Below-threshold Contracts

63. Below threshold contracts, including notices, procedures and implied payment terms are detailed in this Part.
64. Schedule 1 contains a table setting out the various thresholds applicable to the different categories of contract. Whether the estimated value of a contract is above or below the relevant threshold determines whether it is subject to the main regime for public contracts set out in the Bill, or the below-threshold regime.
65. Consent is required in relation to provisions contained in clauses 77, 79 and 80. These provisions confer functions on DWAs and are therefore “relevant provisions” for the purposes of SO29.

Part 7 – Implementation of international Obligations

66. This Part deals with treaty state suppliers and non-discrimination.
67. Some international agreements, to which the UK is a party, place obligations on the UK to ensure that certain contracting authorities extend access to the UK public procurement opportunities to other parties to the agreement. A treaty state supplier is a supplier that benefits from an international agreement listed in Schedule 9 (treaty state suppliers (specified international agreements)).
68. Consent is required in relation to provisions contained in clauses 81 and 82 and related provisions in Schedule 9.
69. Clause 81 confers a power on an “appropriate authority” (which includes Welsh Ministers) to make regulations amending the list of international agreements in Schedule 9. These powers are exercisable in relation to DWAs. Clause 82 confers functions on DWAs.
70. These provisions are therefore “relevant provisions” for the purposes of SO29.

Part 8 – Information and Notices: general provision

71. This includes pipeline notices, general exemptions for disclosing information, electronic communications and information relating to procurement.
72. Any CA that considers that, in the next financial year, it will spend more than £100m on relevant contracts must publish a notice, referred to as a pipeline notice.
73. A ‘pipeline notice’ must contain information about any public contract with an estimated value of more than £2m for which the CA is expecting to publish a tender notice (which relates to certain types of competition).
74. Consent is required in relation to provisions contained in clauses 84 to 88. These provisions confer functions on DWAs and are therefore “relevant provisions” for the purposes of SO29.

Part 9 – Remedies for breach of statutory duty

75. This section details the duties under the Bill enforceable in civil proceedings, including contractual remedies.
76. A CA can be challenged through civil proceedings if it fails to comply with Parts 1-5 and 7 and 8 of the Bill. The duty is only enforceable in such proceedings where the supplier has suffered, or is at risk of suffering, loss, or damage in consequence of breach of the duty (including, for example, by missing out on an opportunity to compete for a public contract).

77. Consent is required in relation to provisions contained in clauses 89 to 95. These provisions relate to the enforcement of the duty of DWAs to comply with Parts 1 to 5, 7 and 8 and are therefore “relevant provisions” for the purposes of SO29.

Part 10 – Procurement Oversight

78. This Part includes provisions on procurement investigations, recommendations and guidance.

79. The Welsh Ministers will have a power to investigate whether a WCA is complying with the requirements of this legislation.

80. Consent is required in relation to provisions contained in clauses 96 to 98. These provisions confer powers on the Welsh Ministers in relation to DWAs and confer functions on DWAs. They are therefore “relevant provisions” for the purposes of SO29.

Part 11 – Appropriate authorities and cross border procurement

81. This Part details the restrictions on the exercise of powers for Welsh Ministers. The areas of this Bill in which the Welsh Ministers can exercise functions and the powers granted to Welsh Ministers under the Bill only apply to certain CAs and certain contracts.

82. Consent is required in relation to provisions contained in clauses 99, 101, 102 and 103.

83. Clause 99 makes provision in relation to the exercise of the powers of Welsh Ministers in relation to DWAs.

84. Clause 101 makes provision in relation to the exercise of the powers of a Minister of the Crown in relation to DWAs.

85. Clause 102 makes provision in relation to “devolved Welsh procurement arrangements” (as defined in clause 102(2)).

86. Clause 103 make provision in relation to the exercise of the powers of a Minister of the Crown in relation to the award of contracts under devolved Welsh procurement arrangements.

87. These are therefore “relevant provisions” for the purposes of SO29.

Part 12 – Amendments and repeals

88. This Part contains provision in relation to the disapplication of section 17, concurrent powers and GoWA and details of repeals and revocations.

89. Section 17 of the Local Government Act (LGA) 1988 requires certain public procurement functions to be exercised by Local Authorities and certain other public authorities (as listed in Schedule 2 of the LGA 1988) without reference to specified non-commercial considerations. This is being dis-applied as it could prevent some contracting authorities from realising the full range of benefits from the Bill.
90. Provision is made for the removal of the restrictions in Schedule 7B of the GoWA on the Senedd legislating for reserved authorities and amending functions of a Minister of the Crown that relate to qualified devolved functions. The removal of these restrictions means that a subsequent Senedd Bill could remove or modify any of the concurrent functions under the Bill without the need to obtain the consent of the relevant UK Government Minister.
91. This Part also gives effect to Schedule 11, which lists the primary and secondary legislation and retained direct EU legislation which will be repealed or revoked by the Bill.
92. Consent is required in relation to provisions contained in clauses 104, 106 and 107 and related provisions in Schedule 11.
93. Clause 104 confers a power on a Minister of the Crown and the Welsh Ministers to make regulations in relation to an authority to which section 17 of the Local Government Act 1988 applies.
94. Clause 106 amends GoWA in a way which modifies the Senedd's legislative competence.
95. Clause 107 repeals and revokes enactments which apply in relation to DWAs.
96. These provisions are therefore "relevant provisions" for the purposes of SO29.

Part 13 – General

97. This Part contains the powers in regard to private utilities and consequential provisions, and the extent of the Act and Commencement details. The regulations within the Act are also listed along with the Interpretation of the Act and an index of defined expressions.
98. Consent is required in relation to provisions contained in clauses 109, 110 to 113 and 115.
99. Clause 109 confers a power for an appropriate authority to make regulations for the purpose of reducing the regulation of private utilities under the Act. This is a purpose within the legislative competence of the Senedd in so far as it relates to utilities in Wales.

100. Clause 110 provides for the exercise of powers to make regulations under the Act (including the exercise of powers of the Welsh Ministers) and the procedure which applies to the making of those regulations.
101. Clauses 111 to 113 and 115 contain provision which is ancillary to the substantive provisions in the Bill for which consent is required.
102. These are therefore “relevant provisions” for the purposes of SO29.

Welsh Contracting Authorities

103. Consent is required in relation to provisions contained in the clauses identified above in so far as they make provision in relation to Welsh Contracting Authorities (as defined above) which are not DWAs but exercise functions or carry out activities only in relation to Wales. To this extent, they are “relevant provisions” for the purposes of SO29.
104. Consent is also required in relation to provisions contained in the clauses identified above in so far as they make provision in relation to WCAs which are not DWAs but exercise functions or carry out activities outside Wales. To this extent, they are provisions which relate to devolved matters. Section 107(6) of the Government of Wales Act 2006 (GoWA) provides that “...it is recognised that the Parliament of the United Kingdom will not normally legislate with regard to devolved matters without the consent of the Senedd”.

Welsh Ministers Powers

105. The following provisions include powers for the Welsh Ministers to make subordinate legislation using the Affirmative Senedd procedure.
- Section 8 (light touch contracts)
 - section 33 (reserving contracts to public service mutuals)
 - section 64 (payment compliance notices)
 - section 81 (treaty state suppliers: international agreements)
 - section 86 (notices, documents and information)
 - section 88 (information relating to a procurement)
 - section 104 (disapplication of section 17 of Local Government Act 1988)
 - section 109 (amendment of Act in relation to private utilities)
 - section 113 (consequential provision), if the regulations made under it modify primary legislation
 - paragraph 3 or 5 of Schedule 1 (threshold amounts)
 - Schedule 2 (exempted contracts)
 - Schedule 4 (utility activities)

106. The following provisions include powers for the Welsh Ministers to make subordinate legislation using the Negative Senedd procedure.

- Section 50 (Key Performance Indicators)
- Section 62 (Electronic Invoicing: implied term)
- Section 63 (Implied payment terms in public contracts)
- Section 65 (Information about payments under public contracts)
- Section 79 (Regulated below-threshold contracts: notices)
- Section 80 (Regulated below-threshold contracts: implied payment terms)
- Section 84 (Pipeline Notices)
- Section 113 (consequential provision)
- Schedule 1 (threshold amounts, paragraphs 3)

107. It should be noted that section 70 (Contract change notices and publication of modifications) does not provide a power for Welsh Ministers equivalent to that provided for the Minister of the Crown to make regulations to amend the value thresholds in subsection (2). My officials have raised this with their counterparts in UK Government as an essential required amendment.

108. It should be noted that the power in these sections within the Bill is conferred on an 'appropriate authority', which means a Minister of the Crown, Welsh Ministers or a Northern Ireland Department (see clause 111 (interpretation)). The effect of clauses 99 and 101(1) is that the default position is that the Welsh Ministers have equivalent powers to a Minister of the Crown in relation to devolved areas. However, the effect of clause 101(5) is that this default position does not apply to the powers under clauses 81 (treaty state suppliers), 113 (consequential provision) and 115 (commencement).

109. My officials have sought an amendment to clause 101(5) from the UK Government, which it is anticipated could be included as part of a batch of government amendments at Lords Committee Stage. It is intended that such an amendment would have the effect of giving the Welsh Ministers equivalent powers under clauses 81, 113 and 115 in relation to devolved areas.

UK Government view on the need for consent

110. The UK Government's view is that the Bill engages the legislative consent motion process in legislating for procurements undertaken by WCAs and certain private utilities (as defined in the Bill). The UK Government notes that there are some exceptions to this where the Welsh Government has requested a derogation from the core rules in the Bill. The UK Government considers that, in these cases, the 'core' provisions do not engage the legislative consent motion process as they do not apply to WCAs, but they are accompanied by separate provisions for WCAs which do engage the

legislative consent motion process. They have listed these areas of divergence as follows:

- The ability for the Welsh Ministers to publish a Wales Policy Statement and the obligation for WCAs to have regard to this;
- WCAs would not be required to publish contracts valued over £2 million on the Central Platform;
- WCAs would not be required to update published contracts when they have been modified, or to publish contracts if a modification has taken the value of the contract over £2 million; and
- Prohibition on a separate pre-qualification stage for procurements below GPA thresholds. WCAs are not caught by this prohibition.

111. I agree that the Bill engages the legislative consent motion process in legislating for procurements undertaken by WCAs and certain private utilities (as defined in the Bill).
112. I agree that the legislative consent motion process is not engaged in relation to provisions in the Bill which do not apply to Wales.
113. My view is that the legislative consent motion process is engaged in relation to the publication of the Wales Procurement Policy Statement but is not engaged in relation to the publication of the National Procurement Policy Statement.
114. I agree that the legislative consent motion process is not engaged in relation to the requirement to publish contracts valued over £2 million (see clause 51(3)) but is engaged in relation to the other requirements in clause 51.
115. I agree that the legislative consent motion process is not engaged in relation the requirement to update published contracts when they have been modified or to publish contracts if a modification has taken the value of the contract over £2 million (see clause 70(6)) but is engaged in relation to the other requirements in clause 70.
116. I agree that the legislative consent motion process is not engaged in relation to the prohibition on a separate pre-qualification stage for procurements below GPA thresholds (see clause 78).

Reasons for making these provisions for Wales in the Procurement Bill

117. The main benefits of the Bill are:

- Simpler procedures for users and a single registration system for suppliers which will help to create a consistent approach to procurement.

- Increased flexibility in procurement procedures will give WCAs greater ability to negotiate and innovate at home and internationally.
- There will be a requirement for increased transparency which will be embedded throughout the commercial lifecycle from planning through to procurement, contract award and performance. Procurement data will be published in a standard open format, accessible to anyone. More transparent procurement data will support analysis of how Welsh public money is spent.
- WCAs will be able to select the Most Advantageous tender which best meets the award criteria rather than lowest cost becoming the most important factor. This means that contracts should be awarded to the supplier which best meets the contract's requirements.
- The provisions within the Bill will help to improve the capability of the procurement profession across Wales.
- The Bill ensures compliance with our international obligations including the WTO Government Procurement Agreement, which gives British businesses guaranteed access to £1.3 trillion in public procurement opportunities overseas.
- There will be a requirement for WCAs to have regard to the Wales Procurement Policy Statement (WPPS), thereby helping to ensure our policy ambitions in Wales are realised. This requirement has never previously been legislated for.

118. There are several reasons why opting to pursue this procurement reform legislation on an England and Wales basis is pragmatic:

- Continuity for suppliers and buyers and to ensure the procurement system is as seamless as possible. Cross border business with England can largely continue without confusion or potential additional costs for users.
- Differences in procurement rules and policies across devolved governments are subject to the Common Framework, which ensures synergy between different sets of legislation. It does not, however, detract from risks such as lack of consistency and certainty for WCAs and suppliers, particularly those who conduct business across the borders.
- Procurement is covered by a number of the UK's international trade agreements and the World Trade Organisation's Agreement on Government Procurement (GPA). The regime in the Bill is compliant with these obligations and will allow a degree of futureproofing through targeted delegated powers to update the regime when new agreements are signed.
- Policy alignment: Most of the provisions within the Bill align with our policy agenda. Where they do not align, we have obtained derogations or carve-outs.
- My officials were working with UK Government officials to develop the Bill and made suggestions for some provisions to be included in

the Bill. The key provisions requested have been included in the Bill as introduced.

- The Bill's provisions are sensible and important: they address widely acknowledged weaknesses in procurement processes, such as lack of flexibility in procurement procedures, the need for increased transparency, etc.
- Timing: the UK Government have been able to introduce legislation to Parliament far sooner than the Senedd's timetable would allow. A joint approach will allow reforms to be enacted earlier in Wales than would otherwise be possible.
- Using the UK Bill allows the Welsh Government to focus resource on the other important aspects of procurement that enable social value and are key drivers of change, such as the SPPP Bill and Wales Procurement Policy Statement (WPPS), etc.
- To support prompt payment, a 30-day payment term will be implied into every public contract and every public sub-contract. To align more closely to the private sector, the 30 days will begin from the date on which the invoice is received by the CA. CAs will also be required to publish a payments compliance notice which will evidence their compliance with this payment term.

119. Whilst I am content, to begin the legislative consent process in the Senedd, the following key matters of concern will need to be resolved before consent can be recommended:

- The power to add international agreements to the list in Schedule 9 has been drafted in the Bill as introduced as a concurrent power with no requirement to obtain the consent of Welsh Ministers when UKG Ministers are exercising this power in relation to devolved areas. This is not acceptable to the Welsh Ministers and on 23 May I wrote to the Minister for Brexit Opportunities and Government Efficiency to ask the UK Government to reconsider its position;
- I am seeking amendment to the definition of WCAs, with a view to ensuring that the clauses work more fairly in relation to some cross border procurements, i.e., a single procurement which relates to both Wales and England. I wrote to the Minister for Brexit Opportunities and Government Efficiency on 18 May to ask the UK Government to consider an amendment to the Bill to address this issue;
- Commencement powers – UK Government officials have committed to giving the Welsh Ministers commencement powers but the Bill as introduced provides for Minister of the Crown only powers. This will need to be amended to reflect powers for the Welsh Ministers in this area. My officials have requested an amendment from their counterparts in the Cabinet Office as part of the request for government amendments;
- Power to make consequential etc provision – the Bill as introduced provides for concurrent powers with no requirement to obtain the consent of Welsh Ministers when UKG Ministers are exercising this power in relation to devolved areas. This will need to be amended

to reflect powers for the Welsh Ministers in this area. My officials have requested an amendment from their counterparts in the Cabinet Office as part of the request for government amendments;

- Disapplication power for healthcare services – An amendment is needed for a disapplication power for the Welsh Ministers to make regulations equivalent to the power of the UK Government in relation to healthcare services. UK Government has already committed to bringing forward this amendment at Lords Committee Stage in a letter received from the Minister for Brexit Opportunities and Government Efficiency on 11 May.
- The Bill as introduced states that a CAs duty to comply with the Parts 1 to 5, 7 and 8 would be enforceable in civil proceedings. Our understanding is that this would include a WCA's duty to have regard to the WPPS (contained in Part 2). This does not reflect the WG's policy position and officials in the Cabinet Office have already committed to bringing forward this amendment.

Financial implications

120. There are likely to be a number of costs associated with the reform of public procurement in Wales although the exact details are still to be confirmed. These include direct costs to Welsh Government and the wider Welsh Public Sector associated with the development and delivery of a training and development programme, as well as costs associated with the enhancement of e-procurement systems. The majority of these costs will be met from within existing budgets. For example, the Welsh Government funded eProcurement systems have been allocated an additional £1m revenue per annum for the financial years (FY) 2022/23, 2023/24 and 2024/25 to enable the systems provided by Welsh Government to either be enhanced or new functionality to be procured in readiness for the introduction of procurement reform.
121. Whilst the majority of costs will be met from within existing budgets, additional funding will be required to support the development, translation and publication of the secondary legislation, regulations and / or statutory guidance. It is anticipated that additional legal services resource will be required until 2023/24 at a cost of approximately £250k. Further, based on a requirement to produce 20 pieces of statutory guidance, the anticipated cost associated with translation and publication is £87,000, which will be spread over FY 2022/23, 2023/24 and 2024/25. We will work to identify how these costs will be met in due course.
122. There will also be costs to the wider Welsh Public Sector as a result of the reforms. The costs associated with upskilling procurement teams and any members of staff who undertake procurement / contract management duties in the new regulations and e-procurement systems are estimated to be circa £903k. There will also be one-off costs incurred due to the requirement to update internal procedures / standing orders, documents and templates, estimated at circa £10k per Welsh Contracting Authority.

Conclusion

123. It is my view that it is appropriate to deal with these provisions in this UK Bill, as the Bill is the most effective way for these provisions to come into force. My officials have worked closely with officials in Cabinet Office to ensure that Welsh policy objectives have been included and I consider that these provisions would provide a simplified, transparent procurement regime in Wales. However, it is not appropriate to recommend consent until the matters of concern as outlined in paragraph 119 above have been resolved.

Rebecca Evans MS
Minister for Finance and Local Government
9 June 2022

SUPPLEMENTARY LEGISLATIVE CONSENT MEMORANDUM (MEMORANDUM NO. 2)

Procurement Bill

1. This legislative consent memorandum (LCM) is laid under Standing Order (“SO”) 29.2. SO29 prescribes that a legislative consent memorandum must be laid, and a legislative consent motion may be tabled, before Senedd Cymru if a UK Parliamentary Bill makes provision in relation to Wales for any purpose within, or which modifies the legislative competence of the Senedd.
2. The Procurement Bill (“the Bill”) was introduced in the House of Lords on 11 May 2022 and Lords Second Reading took place on 25 May. I laid an LCM on 9 June.
3. The UK Government tabled 320 amendments on 27 June to be considered at Lords Committee Stage which commenced on 4 July and is scheduled to run until 18 July. The majority of the 320 amendments make provision which fall within the legislative competence of the Senedd, as detailed in paragraph 14 below.
4. The Bill as introduced and the relevant published amendments can be found at: [Procurement Bill \[HL\] - Parliamentary Bills - UK Parliament](#). All amendments tabled on 27 June, including the amendments set out in this supplementary LCM, can be found at: [2037 \(parliament.uk\)](#).

Policy Objective(s)

5. The stated policy objectives of the UK Government for the Bill are:
 - to speed up and simplify public procurement processes
 - to place value for money at their heart
 - to create greater opportunities for small businesses and social enterprises to innovate public service delivery.

Summary of the Bill

6. The Bill is sponsored by the Cabinet Office (CO).
7. The purpose of the Bill is to introduce revised legislation for the processes and procedures governing public procurement. It will be a revision of the current procurement law regime (including the repeal of the Public Contract Regulations 2015) which are derived from EU Directives.

8. The Bill interacts with other legislation namely the Social Partnership and Public Procurement (Wales) Bill (SPPP Bill) which was introduced to the Senedd on 7 June, and the Trade (Australia and New Zealand) Bill which was introduced into the UK Parliament (House of Lords) on 11 May. It is anticipated, the Trade (Australia and New Zealand) Bill, if passed, will receive Royal Assent by late 2022/early 2023. The Trade (Australia and New Zealand) Bill is to be repealed by the Procurement Bill, as are the amendments to the Government of Wales Act 2006 (GoWA) made by the Trade (Australia and New Zealand) Bill.
9. The procurement landscape is quite complex when referring to public bodies. Therefore, the following references have been used in this document to provide clarity:
 - ‘Contracting authorities’ (CAs) - all public bodies subject to the Bill;
 - ‘Devolved Welsh Authorities’ (DWAs) - as defined by section 157A of the Government of Wales Act 2006 (“GoWA”); and
 - ‘Welsh Contracting Authorities’ (WCAs) - the contracting authorities in Wales which are subject to the Bill and in relation to whom relevant powers and duties conferred upon the Welsh Ministers under the Bill apply (these are referred to as “devolved Welsh authorities” in the Bill itself).

Update on position since the publication of the first Legislative Consent Memorandum

10. I laid a Legislative Consent Memorandum (LCM) on 9 June, based on the Bill as introduced into the UK Parliament on 11 May.
11. The LCM confirmed that, whilst I was content to begin the legislative consent process in the Senedd, there were a number of key matters of concern which needed to be resolved before I could consider recommending consent. These matters are summarised below:
 - **The Power to add international agreements.** As stated in the LCM, the power to add international agreements has been included as a concurrent power. Discussions are ongoing between my officials and Cabinet Office officials on this matter.
 - The LCM stated that I am seeking an amendment to the **definition of WCAs**, with a view to ensuring that the clauses work more fairly in relation to some cross border procurements. Discussions are ongoing between my officials and Cabinet Office officials on this matter.

- **Commencement Powers.** As stated in the LCM, the Bill as introduced provides for Minister of the Crown only powers. Discussions between my officials and Cabinet Office officials are ongoing on this matter.
 - **Consequential Powers.** As stated in the LCM, the Bill as introduced provides for concurrent powers with no requirement to obtain the consent of the Welsh Ministers when the UK Government Ministers are exercising this power in relation to devolved areas. Discussions between my officials and Cabinet Office officials are ongoing on this matter.
 - **Disapplication power for healthcare services.** An amendment to the Bill prior to introduction was originally sought to include a disapplication power for the Welsh Ministers to support making regulations equivalent to the power of the UKG in relation to the changes to the procurement of healthcare services in England under the Health and Care Act 2022. However, the Welsh Ministers have since decided not to pursue the inclusion of this power in the Bill but are considering various options, which may include taking forward the powers required via Senedd legislation as this area is devolved.
 - **Duty to have regard to the Wales Procurement Policy Statement (WPPS) enforceable in civil proceedings.** The UK Government tabled an amendment on 27 June which has the effect of ensuring that a WCA's duty to have regard to the WPPS will not be enforceable in civil proceedings. This now reflects the Welsh Government's policy position.
12. On 27 June, the UK Government tabled 320 amendments in relation to the Bill, the majority of which make provision falling within the legislative competence of the Senedd. These amendments are being considered at Lords Committee stage which commenced on 4 July and is scheduled to conclude on 18 July.
 13. The UK Government amendments tabled include several amendments which were proposed for inclusion by the Welsh Government.

Provisions tabled by the UK Government to the Bill for consideration at Lords Committee stage for which consent is required

14. The following amendments to the Bill tabled by the UK Government for consideration at Lords Committee stage are within the legislative competence of the Senedd:

14.1 Part 1 – Key Definitions

- 14.1.1 New clause 1 (Procurement and covered procurement) is a new clause which replaces definitions for Procurement and Covered procurement in a number of places throughout the Bill. The amendments define more clearly what the terms "Procurement" and "Covered Procurement" mean. The amendment also includes a definition of a "Centralised Procurement Authority".
- 14.1.2 New clause 1 includes definitions which are applied and have relevance in the interpretation and application of the subsequent clauses of the Bill, a number of which are "relevant provisions" for the purposes of SO29. Consent is therefore required in respect of new clause 1 to the extent that the definitions in this clause are utilised in clauses of the Bill in respect of which consent is required.
- 14.1.3 The amendments to clause 5 (Utilities Contracts) and clause 8 (Light Touch Contracts) are minor and provide clarity for defining these types of contracts.
- 14.1.4 Consent is required in relation to provisions contained in clauses 5 and 8. These provisions confer relevant functions on contracting authorities which are devolved Welsh authorities.

14.2 Part 2 – Principles and Objectives

- 14.2.1 The amendments to clause 10 (Procurement only in accordance with this Act), clause 11 (Procurement Objectives) and Clause 13 (The Wales procurement policy statement) provide greater clarity.
- 14.2.2 Consent is required in relation to provisions contained in clauses 10,11 and 13. These provisions confer functions on DWAs and are therefore "relevant provisions" for the purposes of SO29.

14.3 Part 3 – Award of Public Contracts and Procedures

Chapter 1 – Preliminary Steps

- 14.3.1 The amendments to clause 15 (Preliminary market engagement) provide greater clarity.

- 14.3.2 The amendment to clause 16 (Preliminary market engagement notices) has the effect of putting a duty on CAs who carry out preliminary market engagement to publish a preliminary market engagement notice before publishing the tender notice. However, if the CA did not publish a preliminary market engagement notice, they must provide reasons for this in the tender notice.
- 14.3.3 Consent is required in relation to provisions contained in clauses 15 and 16. These provisions confer functions on DWAs and are therefore “relevant provisions” for the purposes of SO29.

Chapter 2 – Competitive Award

- 14.3.4 The amendments to clauses 19, 20, 22, 23, 25 to 29, 31 to 33, and 39 are all minor and make the clauses easier to read.
- 14.3.5 The amendment of changing the word ‘must’ to ‘may’ in clause 18 (Award of public contracts following a competitive procedure) has the effect of offering flexibility for CAs to take a pragmatic approach, particularly if a breach is so minor that it would not put any tender at a disadvantage. In terms of the removal of references to 'materially' breaches, this is deemed acceptable because a breach is a breach, irrespective of its impact. All other amendments are minor and provide clarity.
- 14.3.6 In the main, the proposed amendments to clause 24 (Technical Specifications) – are minor and providing clarity. The additional text included as subsection (A1) broadens the scope of the clause and provides clarity on what the section applies to. Clause 24 has been moved to after clause 53 (General provision about award and procedures).
- 14.3.7 There is an amendment to clause 30 (Excluding suppliers for improper behaviour) which results from the amended definition of "procurement" at new clause 1. The new wording in clause 30 is intended to make it clear that the exclusion is only applicable during the pre-tendering, tendering and contract award stages.
- 14.3.8 The subsections which have been added to clause 34 (Competitive award by reference to dynamic markets) provide additional clarity in relation to dynamic markets. All other amendments to this clause are minor and providing clarity.

14.3.9 In the main, the proposed amendments to clause 35 (Dynamic markets: establishment) are minor and provide clarity. A subsection has been added, which provides the definition of what constitutes a "utilities dynamic market".

14.3.10 The subsections 1A, 1B and 1C which have been added to clause 36 (Dynamic markets: membership) provide additional clarity in relation to membership of dynamic markets.

14.3.11 Consent is required in relation to provisions contained in clauses 18 to 20, clauses 22 to 36 and clause 39. These provisions confer functions on DWAs and are therefore "relevant provisions" for the purposes of SO29.

Chapter 3 – Direct Award

14.3.12 The amendment to clause 42 (Switching to direct award) provides greater clarity.

14.3.13 Consent is required in relation to provisions contained in clause 42. Clause 42 confers functions on DWAs and is therefore a "relevant provision" for the purposes of SO29.

Chapter 4 – Award under Frameworks

14.3.14 The proposed subsections (3A to 3H) to be included at clause 44 (Frameworks) clarify that conditions of participation should be a proportionate means of ensuring suppliers have the legal, technical and financial capacity to perform the contract.

14.3.15 The proposed amendments to clauses 45 (Frameworks: maximum term) and 46 (Frameworks: implied terms) provide greater clarity.

14.3.16 The addition of subsection 2A in clause 47 (Open Frameworks) serves to clarify that, where a call off process under a framework agreement starts before the framework expiry date, but the award of the call off contract is later than the framework expiry date, then a CA can still award that call off despite the framework being expired because the call off process commenced before the framework expiry date.

14.3.17 Consent is required in relation to provisions contained in clauses 44 to 47. These provisions confer functions on DWAs and are therefore "relevant provisions" for the purposes of SO29.

Chapter 5 – After award, standstill periods and notices

14.3.18 The proposed amendments to clause 48 (Contract award notices and assessment summaries), clause 49 (Standstill periods on the award of contracts) and clause 51 (Contract details notices and publication of contracts) provide greater clarity.

14.3.19 Consent is required in relation to provisions contained in clauses 48, 49 and 51. These provisions confer functions on DWAs and are therefore “relevant provisions” for the purposes of SO29.

Chapter 6 – General provision about award and procedures

14.3.20 There is a minor change to the wording in clause 52 (Time limits) to achieve consistency throughout the Bill. There is also a minor amendment to include information on the minimum time period for dynamic markets, which provides clarity.

14.3.21 The amendments to clause 54 (Meaning of excluded and excludable supplier) reflect amendments in terminology that are made elsewhere in the Bill.

14.3.22 The amendments to clause 55 (Considering whether a supplier is excluded or excludable) provide greater clarity.

14.3.23 The effect of the amendment at clause 56 (Notification of exclusion of supplier) is that CAs must notify suppliers of exclusion where they have rejected an application to join, or removed a supplier from, membership of a dynamic market on the basis that the supplier is an excluded supplier or excludable supplier. The amendment also updates certain definitions.

14.3.24 There is a minor wording change to clause 59 (Debarment list) to reflect how the Northern Ireland administration should be referred to for the purposes of this clause.

14.3.25 Consent is required in relation to provisions contained in clause 52, clauses 54 to 56 and clause 59.

14.3.26 Clauses 52, 54, 55 and 56 confer functions on DWAs and clause 59 confers functions on a Minister of the Crown which are exercisable in relation to DWAs.

14.3.27 These provisions are therefore “relevant provisions” for the purposes of SO29.

14.4 **Part 4 – Management of Public Contracts**

- 14.4.1 The amendment to clause 63 (Implied payment terms in public contracts) clarifies that an invoice is regarded as being received by a CA only if the invoice is delivered to the address specified by the CA in the contract. This will help to ensure that the correct people/departments within CAs receive the invoice so that prompt payment can be implemented.
- 14.4.2 The amendment to clause 64 (Payments compliance notices) disappplies the requirements of clause 64 to Transferred Northern Ireland Authorities. As such the power to make regulations under this clause is restricted to Welsh Ministers and a Minister of the Crown. This has no effect on WCAs or Welsh Ministers’ powers.
- 14.4.3 The amendment to clause 65 (Information about payments under public contracts) clarifies that an ‘appropriate authority’, in this instance, is a Minister of the Crown or the Welsh Ministers. The amendment clarifies that the section does not apply to public contracts awarded by Northern Ireland authorities (unless it is a reserved or devolved Welsh procurement arrangement or is awarded as part of a procurement under a transferred Northern Ireland procurement arrangement).
- 14.4.4 The amendment to clauses 66 (Assessment of contract performance), 68 (Implied payment terms in sub-contracts), and 69 (Modifying a public contract), provide greater clarity.
- 14.4.5 Clause 70 (Contract change notices and publication of modifications) has been changed so that the information on publication of modifications has been moved to a new clause after clause 71. There has been an amendment to clause 70 which provides Welsh Ministers with the power to make regulations to amend this section for the purpose of changing the percentage thresholds (which determines when a Contract Change Notice needs to be published). Most other amendments are minor drafting amendments save for additional text which clarifies that a Contract Change Notice will need to be issued if the modification is a permitted modification (novation or assignment or corporate restructuring).

- 14.4.6 The amendments to clause 71 (Voluntary standstill period on the modification of contracts) clarify that any standstill period provided for in a contract change notice (CCN) is voluntary. The amendment also confirms that a voluntary standstill period may not be less than eight working days, beginning with the CCN published date.
- 14.4.7 New clause after clause 71 (Publication of Modifications) has been moved from clause 70. It clarifies that a copy of the contract as modified or the modification must be published and that this requirement does not apply to WCAs. All other minor amendments provide clarity.
- 14.4.8 The amendment to clause 72 (Implied right to terminate public contracts) provides detail on the steps a CA should take to terminate a contract where it becomes apparent that the supplier is using a sub-contractor who would be considered an excluded or excludable supplier.
- 14.4.9 Furthermore, a new clause has been included after clause 72 (Terminating public contracts: national security). It has the effect of putting a duty on CAs to notify a Minister of the Crown if applying the exclusion ground 'threat to national security' when considering terminating a contract. A Minister of the Crown will need to agree the ground has been met before termination of the contract can be carried out. The decision is with a Minister of the Crown as it pertains to national security which is a reserved matter.
- 14.4.10 The effect of the amendment to clause 73 (Contract termination notices) is to remove the duty on private utilities to publish a contract termination notice. The amendment proposes that 'contracts for the supply of user choice services' under clause 40 (and as set out in its associated schedule 5) are removed from the requirements of this section.
- 14.4.11 Consent is required in relation to provisions contained in clauses 63 to 73. These provisions confer functions on DWAs and are therefore "relevant provisions" for the purposes of SO29.
- 14.4.12 Consent is also required in relation to the new clause which is to be included following clause 72 (Terminating public contracts: national security). This clause confers functions on DWAs and is therefore a "relevant provision" for the purposes of SO29.

14.5 Part 5 - Conflicts of Interest

14.5.1 The amendments to clause 74 (Conflicts of interest: duty to identify), clause 75 (Conflicts of interest: duty to mitigate), and clause 76 (Conflicts assessments) seek to align language with the rest of the Bill and do not change the substance of the clauses.

14.5.2 Consent is required in relation to provisions contained in clauses 74 to 76. These provisions confer functions on DWAs and are therefore “relevant provisions” for the purposes of SO29.

14.6 Part 6 - Below-Threshold Contracts

14.6.1 The amendments to clause 77 (Regulated below-threshold contracts) and clause 80 (Regulated below-threshold contracts: implied payment terms) provide greater clarity and do not change the substance of the clauses.

14.6.2 The amendment to clause 79 (Regulated below-threshold contracts: notices) clarifies that Ministers for the Crown and Welsh Ministers may amend this section for the purposes of amending financial thresholds for this section. The effect of the change in wording is to remove Northern Ireland from this power.

14.6.3 Consent is required in relation to provisions contained in clauses 77, 79 and 80. These provisions confer functions on DWAs and are therefore “relevant provisions” for the purposes of SO29.

14.7 Part 7 - Implementation of International Obligations

14.7.1 The amendments to Clause 81 (Treaty state suppliers) and Clause 82 (Treaty state suppliers: non-discrimination) provide greater clarity and seek to align language with the rest of the Bill.

14.7.2 Consent is required in relation to provisions contained in clauses 81 and 82.

14.7.3 Clause 81 confers a power on an “appropriate authority” (which includes Welsh Ministers) to make regulations amending the list of international agreements in Schedule 9. These powers are exercisable in relation to DWAs. Clause 82 confers functions on DWAs.

14.7.4 These provisions are therefore “relevant provisions” for the purposes of SO29.

14.8 **Part 8 – Information and Notices: General Provision**

14.8.1 The amendment to clause 84 (Pipeline notices) clarifies that 'an appropriate authority' refers to a Minister of the Crown, Welsh Ministers, and a transferred Northern Ireland Authority.

14.8.2 The amendment to clause 87 (Electronic communications) provides greater clarity.

14.8.3 A new clause has been included after clause 88 (Data protection), which seeks to give assurances that the Data Protection Act is not breached in any way by this legislation.

14.8.4 Consent is required in relation to provisions contained in clauses 84 and 87. These provisions confer functions on DWAs and are therefore “relevant provisions” for the purposes of SO29.

14.8.5 Consent is also required in relation to the new clause (Data protection) which is to be inserted after clause 88. This clause makes provision which is ancillary to the substantive provisions in the Bill for which consent is required and is therefore a “relevant provision” for the purposes of SO29.

14.9 **Part 9 - Remedies for breach of statutory duty**

14.9.1 The effect of the amendments to clause 89 (Duties under this Act enforceable in civil proceedings) are to bring the Bill in line with the Welsh Government policy position that a WCA's duty to have regard to the WPPS will not be enforceable in civil proceedings.

14.9.2 The amendments to clause 90 (Automatic suspension of the entry into or modification of contracts) and 91 (Interim remedies) are mainly drafting amendments which provide greater clarity.

14.9.3 The amendment to clause 95 (Time limits on claims) clarifies the different time limits on claims dependent on whether it is a specified set-side proceeding or any other proceeding.

14.9.4 Consent is required in relation to provisions contained in clauses 89 to 91 and clause 95. These provisions relate to the

enforcement of the duty of DWAs to comply with Parts 1 to 5, 7 and 8 and are therefore “relevant provisions” for the purposes of SO29.

14.10 **Part 10 - Procurement Oversight**

14.10.1 The amendments to clause 96 (Procurement investigations) and clause 98 (Guidance following procurement investigations) are minor and provide clarity on terminology and what the clause covers.

14.10.2 Consent is required in relation to provisions contained in clauses 96 and 98. These provisions confer powers on the Welsh Ministers in relation to DWAs and confer functions on DWAs. They are therefore “relevant provisions” for the purposes of SO29.

14.11 **Part 11 - Appropriate Authorities and Cross-Border Procurement**

14.11.1 There are amendments to clause 99 (Welsh Ministers: restrictions on the exercise of powers), clause 101 (Ministers of the Crown: restrictions on exercise of powers), clause 102 (Definitions relating to procurement arrangements) and clause 103 (powers relating to procurement arrangements) which provide greater clarity and align the terminology on the meaning of procurement to provide consistency throughout the Bill.

14.11.2 There are also amendments to clause 101 which have the effect of making the power to publish guidance under clause 98 (guidance following procurement investigation), one which could be exercised on a concurrent plus basis, i.e. by Welsh Ministers alone or by UK Government but only with the consent of Welsh Ministers in relation to devolved areas.

14.11.3 Consent is required in relation to provisions contained in clauses 99, 101, 102 and 103.

14.11.4 Clause 99 makes provision in relation to the exercise of the powers of Welsh Ministers in relation to DWAs.

14.11.5 Clause 101 makes provision in relation to the exercise of the powers of a Minister of the Crown in relation to DWAs.

14.11.6 Clause 102 makes provision in relation to “devolved Welsh procurement arrangements” (as defined in clause 102(2)).

14.11.7 Clause 103 make provision in relation to the exercise of the powers of a Minister of the Crown in relation to the award of contracts under devolved Welsh procurement arrangements.

14.11.8 These are therefore “relevant provisions” for the purposes of SO29.

14.12 **Part 13 – General**

14.12.1 The amendment to clause 111 (Interpretation) provides greater clarity.

14.12.2 The effect of the amendment to clause 112 (Index of defined expressions) is to ensure that the referencing to other parts of the Bill is correct in the clause.

14.12.3 Consent is required in relation to provisions contained in clauses 111 to 112.

14.12.4 Clauses 111 and 112 contain provision which is ancillary to the substantive provisions in the Bill for which consent is required.

14.12.5 These are therefore “relevant provisions” for the purposes of SO29.

14.13 **Schedules**

14.13.1 The amendment to the Vertical arrangements exemption (a contract between a CA(s) and a controlled person(s)) in Schedule 2 (Exempted contracts) has the effect of clarifying that contracts awarded by one or more CAs exercising joint control over a person is permitted. The definition of what defines control is clarified in relation to CAs acting jointly. The amendment now states that references to a CA do not include references to a public undertaking or a private utility. This is also included in the amendment to Horizontal arrangements (a contract between CAs).

14.13.2 The amendment to the Employment exemption clarifies which Acts apply to contracts awarded by a transferred Northern Ireland CA and contracts awarded by all other CAs.

- 14.13.3 The amendment to Schedule 5 (Direct award justifications) reflects the fact that clause 41 confers a power on a Minister of the Crown to make regulations, if considered “necessary”, to provide that specified public contracts may be awarded under section 40 as if a direct award justification applies (“necessary” meaning necessary to protect human, animal or plant life or health or to protect public order or safety). As such, the amendment reflects the fact that direct award in these circumstances is already provided for within the Bill.
- 14.13.4 The amendments to Schedule 6 (Mandatory Exclusion grounds) have been made to provide more clarity and to address some minor typographical and/or legislative context that falls within the mandatory exclusion grounds. The amendments provide more definitions to provide further clarity around sub-clause 38 regarding 'notifiable tax arrangements'.
- 14.13.5 The amendments to Schedule 7 (Discretionary exclusion grounds) and Schedule 8 (Permitted contract modifications) are minor and provide greater clarity.
- 14.13.6 Consent is required in relation to provisions contained in Schedules 2, 5, 6, 7 and 8.
- 14.13.7 The schedules contain provisions which are ancillary to the substantive provisions of the Bill for which consent is required.
- 14.13.8 The schedules are therefore “relevant provisions” for the purposes of SO29.

UK Government view on the need for consent

15. The amendments relate to provisions covered in the LCM laid on 9 June for which the UK Government’s view was that the Bill engages the legislative consent motion process. Please see paragraphs 110 to 116 of the LCM laid on 9 June for further information.

Reasons for making these provisions for Wales in the Procurement Bill

16. As the amendments detailed within this LCM fall within the legislative competence of the Senedd and all relate to the provisions set out in my LCM laid on 9 June, the rationale for making these provisions in the Bill, as set out in paragraphs 117 and 118 of that LCM, continue to apply.

Financial implications

17. I set out the potential financial implications associated with the reform of public procurement in Wales that are likely to be borne by the Welsh Government and the wider Welsh Public Sector in my original LCM laid on 9 June.
18. The proposed amendments will not levy any additional financial implications on Welsh Government or the wider Welsh Public Sector.

Conclusion

19. It is my view that it is appropriate to deal with these provisions in this UK Bill, as the Bill is the most effective way for these provisions to come into force. My officials have worked closely with officials in Cabinet Office to ensure that Welsh Government's policy objectives have been included and I consider that these provisions would provide a simplified, transparent procurement regime in Wales.
20. Although I consider the proposed amendments to be reasonable, both in the sense that they appear to make improvements to the Bill as introduced and do not give rise to any fresh areas of concern for me, I also consider that it is not appropriate to recommend consent until the outstanding matters of concern as outlined in paragraph 11 above have been resolved. My officials will continue to work with the UK Government to resolve these matters.

Rebecca Evans MS
Minister for Finance and Local Government
11 July 2022

Rebecca Evans AS/MS
Y Gweinidog Cyllid a Llywodraeth Leol
Minister for Finance and Local Government



Llywodraeth Cymru
Welsh Government

Mark Isherwood
Chair, Public Accounts and Public Administration Committee

Huw Irranca-Davies
Chair, Legislation, Justice and Constitution Committee

1 September 2022

Dear Mark and Huw,

Thank you for your letter and the questions put forward by your respective Committees relating to the Procurement Bill Legislative Consent Memoranda (LCM). I am pleased to provide my response, which is attached at Annex 1.

I look forward to discussing the LCM at the Public Accounts and Public Administration Committee on 21 September.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans". The signature is written in a cursive, flowing style.

Rebecca Evans AS/MS
Y Gweinidog Cyllid a Llywodraeth Leol
Minister for Finance and Local Government

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Correspondence.Rebecca.Evans@gov.wales
Gohebiaeth.Rebecca.Evans@llyw.cymru

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

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

Annex 1

1. **What consideration did the Welsh Government give to using the time it has identified for the Social Partnership and Public Procurement (Wales) Bill to bring forward a wider procurement Bill that covered the scope of both the UK Procurement Bill and the Social Partnership and Public Procurement (Wales) Bill?**

The scope, policy and legal instructions for the Social Partnership and Public Procurement (Wales) Bill (“SPPP Bill”) were already well developed when the Welsh Ministers were presented with the option of joining the UK Government’s (“UKG”) Procurement Bill, and consultation on the SPPP Bill had already taken place.

Incorporating the Procurement Bill into the SPPP Bill would have required changing the scope of the SPPP Bill as it would have predominantly become a Procurement Bill, shifting the focus of the Bill away from Social Partnerships. Also, the Bills are aiming to achieve different things – the Procurement Bill focuses on the processes underpinning procurement, whilst the SPPP Bill will focus on ensuring socially responsible outcomes are achieved from our procurement.

There would also have been significant delays to laying the SPPP Bill in the Senedd due to another consultation process. This would have led to the Welsh Government implementing procurement legislation later than the UKG, which would have resulted in:

- Confusion, inconsistency, and uncertainty for Welsh contracting authorities (WCAs) and suppliers, especially those who conduct business across the borders. This would have negatively impacted upon SMEs, who are better able to optimise efficiency and reduce costs when there is consistency.
- The Wales market becoming an unattractive business prospect if Welsh procedures are different to those in England. Given that Welsh public sector spend represents less than 5% of the UK’s total, it is crucial that Wales remains attractive to suppliers.
- Discontent and frustration amongst Welsh public sector stakeholders, who desire the certainty and stability that a single, consistent procurement regime can offer.

2. **We have been advised by the Counsel General that neither resourcing nor capacity are issues in bringing forward Welsh Bills. Given the significant number of provisions in devolved areas within the Bill and the expertise available to the Welsh Government on procurement issues, why wasn’t resource put into developing a wider, more coherent Welsh Government Procurement Bill?**

As stated in my response to question one, there were important practical reasons for joining with the UKG’s Procurement Bill, not least ensuring consistency and stability for both buyers and suppliers, and particularly our Welsh SMEs.

This is also consistent with our principles on recommending consent to UK Bills, insofar as the interconnected nature of the relevant Welsh and English administrative systems mean that it is most effective and appropriate for provision for both to be taken forward at the same time in the same legislative instrument.

3. Given that this is such an important area of public policy, why is it considered appropriate to take a legislative approach which prevents elected Members of the Senedd from undertaking detailed legislative scrutiny on the subject matter of the Bill, including through engagement with Welsh stakeholders?

After the UKG published their *Transforming Public Procurement* Green Paper, the Welsh Government ran a series of stakeholder engagement events which identified that stakeholders in Wales were largely content with the proposals in the Green Paper. Further stakeholder engagement has been undertaken on a range of specific Bill-related areas, including proposals in relation to below-threshold transparency, and the Wales Procurement Policy Statement.

The legislative consent process will ensure that scrutiny can be undertaken by the Senedd which will help to ensure UK Government stand by the assurances they made when we agreed to Welsh contracting authorities being included in the Bill. Furthermore, the substance of the Bill's enactment will be specified in bilingual secondary legislation and guidance that will be developed by Welsh Government as the Bill continues its legislative journey. The Welsh Ministers have equivalent powers in significant areas of the Bill so there will be a substantial level of secondary legislation which will be subject to detailed legislative scrutiny in the Senedd, as well as wider engagement and consultation with stakeholders across Wales.

4. How accessible will the new procurement regime be when it is split over two Bills?

The purpose of the two Bills is different. The Procurement Bill focuses on the processes underpinning procurement, whilst the Social Partnership and Public Procurement (Wales) Bill aims to ensure socially responsible outcomes are achieved from our procurement. The new procurement regime will be accessible to suppliers as tenders are designed to cover the requirements of both Bills when required. The enhanced transparency measures should also ensure that suppliers have better visibility of tender opportunities, procurement data, etc. than they do currently.

5. What degree of involvement have you and your officials had in shaping and drafting clauses of the UK Procurement Bill? Did you as Minister require sign off of individual clauses?

My officials have, and continue to, work closely with their counterparts in the Cabinet Office on the development of the Procurement Bill to ensure it aligns to Welsh policy objectives and legislation. They meet frequently and will continue to interrogate any additional Government amendments to clauses as the Bill moves through scrutiny in UK Parliament.

I have called out areas where the Bill's proposed clauses did not align to our Welsh policy objectives. Different provision has therefore been included in the Bill for contracting authorities in Wales to reflect those specific policy objectives.

6. What consultation was undertaken with Welsh stakeholders to inform the drafting process?

The UK Cabinet Office published their Green Paper, *'Transforming Public Procurement'* in December 2020. During the Green Paper consultation period, Welsh Government ran a series of stakeholder engagement events to seek their views on how procurement legislation could be reformed to benefit Wales, and to gauge their appetite for the proposals in the Green Paper.

This included targeted engagement sessions with the Welsh private sector, including Industry Wales, the construction industry, and legal firms, to understand the impact of the Green Paper proposals on Welsh businesses.

These stakeholder sessions were followed up with a survey which resulted in the majority of Welsh stakeholders saying they were content with the direction of the reforms proposed in the UK Government's Green Paper.

7. What role has the provisional common framework for public procurement had in the development of the Bill?

A Working Group has already been established under the provisional common framework for public procurement. Monthly meetings are held and attended by the four Administrations and the development of the Bill is a standing item on the agenda.

8. The UK Government is of the view that clauses 114 and 116 require the Senedd's consent. Could you outline how you have concluded that clauses 114 and 116 do not require the Senedd's consent?

Clauses 114 and 116 are technical provisions which are concerned with how the Bill works rather than substantive provisions, and as a matter of practice we do not generally include non-operative clauses within Legislative Consent Memoranda.

9. Clauses 50, 62, 63, 65, 79 and 80 contain Henry VIII powers for the Welsh Ministers, subject to the negative procedure. What role did you play in choosing these procedures and do you believe that the negative procedure is appropriate for these powers?

My officials have considered the powers and the associated procedures as part of their review of the draft clauses provided by UKG and provided feedback as appropriate. Some concerns have been raised on the procedures for some of these clauses in the Delegated Powers and Regulatory Reform Committee's Report.

Discussions between my officials and their counterparts in the Cabinet Office are still ongoing in relation to the response to the Delegated Powers and Regulatory Reform Committee.

10. Please can you provide a narrative on the concurrent powers in the Bill and how the approach adopted by the Welsh Government complies with its guidance on this issue?

Welsh Ministers have secured standalone, equivalent regulation making powers for the vast majority of powers in the Bill.

There is a concurrent plus power in the Bill, as introduced, in relation to section 62 (electronic invoicing). The Counsel General and I agreed that there is strong rationale for this position. A concurrent plus power was deemed appropriate, primarily to provide consistency to basic e-invoicing standards and syntaxes across the UK nations to avoid confusion and additional costs for suppliers. In line with the guidance, my officials have ensured that both the executive and legislative competence of the Senedd are protected as this is a concurrent plus power and a carve out has been included within section 106 of the Bill.

The other powers currently in the Bill listed as concurrent are subject to ongoing discussions with UKG as noted at paragraph 119 of the Legislative Consent Memorandum.

The Bill is still working its way through the legislative process and there may be further concurrent powers as a result of potential amendments made. My officials are monitoring potential amendments and their impact on Wales.

11. What analysis have you undertaken of how each clause of the Bill differs from or replicates the current legislative position and can the Committees see this analysis?

There are significant differences in approach between the current legislative position and the clauses within the Bill proposed. For example, it combines aspects of the Public Contracts Regulations 2015 (PCR), Utilities Contracts Regulations 2016 (UCR), Concession Contracts Regulations 2016 (CCR) and the Defence and Security Public Contracts Regulations 2011 (DSPCR) into one piece of legislation. As such, it is not appropriate for officials to perform a clause-by-clause analysis of the Bill against current regulations.

My officials have therefore taken a holistic approach in reviewing the Bill and have only reviewed specific clauses against the existing legislation where appropriate.

12. Have you undertaken a Wales-specific impact assessment of the Bill as introduced?

As this is a UK Government Bill, there is no requirement for Welsh Government to undertake a Wales-specific impact assessment. Rather, it is the responsibility of the

lead UKG department (in this instance, the Cabinet Office) to undertake an impact assessment and consider the relative costs and benefits associated with the proposed legislative changes, and if there are any additional impacts in Wales. The impact assessment can be accessed via the UK Parliament website (<https://bills.parliament.uk/bills/3159/publications>).

My officials have reviewed the relevant UK Government impact assessments of the Bill as introduced, and I am satisfied that no adverse issues have been identified from a Welsh policy perspective. My officials continue to work closely with the Cabinet office on the development of the Bill and will consider the impact on Wales of any amendments taken forward as well as addressing any Bill-related matters as identified in the LCM.

Impact assessments will be undertaken on the secondary legislation that will be developed by Welsh Government, and these will be made available as they are created.

- 13. The Memorandum notes “There are likely to be a number of costs associated with the reform of public procurement in Wales although the exact details are still to be confirmed”. Please can you commit to share details of these costs with the Committees once they have been confirmed?**

Yes, I commit to sharing the details of these costs when they have been confirmed.

- 14. Could you provide an update on the discussions with the UK Government with regard to amendments being tabled to the Bill to address the concerns you set out in paragraph 119 of the Memorandum?**

Discussions with the UK Government are continuing regarding the concerns set out in paragraph 119 of the Memorandum.

We have reached a mutually agreeable position regarding the issues surrounding the “disapplication power for healthcare services”. This power has not been included in the Bill and options are being considered for taking it forward through Senedd legislation.

The concern surrounding a Welsh Contracting Authority’s duty to have regard to the Wales Procurement Policy Statement being “enforceable in civil proceedings” is also being addressed and there is a Government amendment being proposed at Lords Committee stage to address this.

Officials continue to work with UK Government counterparts on the remainder of the concerns listed in paragraph 119. I also received a letter from Minister Rees-Mogg on 12 August saying that he has noted my concerns and has asked his officials to continue working collaboratively with mine throughout the summer and September to resolve the remaining concerns whilst the Bill is going through the parliamentary process. We will therefore continue to pursue resolutions to these outstanding matters and will feedback to the committees as further progress is made.

15. Have you engaged the new intergovernmental relations arrangements to resolve matters of concern?

No, we have not engaged the new intergovernmental relations arrangements. Any matters of concern have been, and continue to be, dealt with via correspondence and meetings between officials and/or Ministers.

16. Will you introduce your own legislation to cover matters of concern that you cannot resolve?

Given what the matters of concern are, it would not be possible to introduce our own legislation to resolve them. For example, the matter regarding the definition of devolved Welsh authorities needs to be dealt with in the Procurement Bill itself as, whether or not Wales was part of this Bill, there would need to be an effective and mutually acceptable definition so as to ensure clarity as to which side of the line a contracting authority would fall.

17. Will you commit to not using an intergovernmental agreement with the UK Government as a mechanism for resolving your concerns?

I will commit to not using an intergovernmental agreement with the UKG as a mechanism for resolving our concerns. However, I will keep this under review as discussions continue and the Bill's passage progresses.

18. What involvement will you and your officials have throughout the scrutiny and amending process in Westminster?

The Welsh Government has already proposed several amendments which have been included in the Government amendments currently being debated in the House of Lords. My officials are continuing to work closely with their counterparts in the UK Government to ensure any further Government amendments fully reflect the Welsh Ministers' policy priorities.

19. What regulations do you foresee as being necessary to implement the reforms under the Bill and under which powers (and procedures) in the Bill? Will those regulations brought forward by the Welsh Ministers be consistent with any taken forward by UK Government Ministers?

Welsh Ministers have secured standalone, equivalent regulation-making powers to UK Government Ministers for the majority of relevant powers throughout the Bill. Hence, Welsh Ministers will need to develop and implement secondary legislation in relation to devolved areas. This includes regulations covering key areas that will need to be in place for the new regime to become operative, such as those relating to the Light Touch Regime, financial thresholds for below-threshold contracts, and procurement notices.

Clause 110(10) of the Procurement Bill lists the regulation making powers in this legislation that are exercisable by Welsh Ministers and are subject to the affirmative

procedure. Regulations made under any other section (not listed in clause 110(10)) will be subject to the negative procedure.

My officials are currently developing a project plan which will inform the approach to the development and implementation of the secondary legislation in Wales. Officials will continue to work closely with UK government on the development of the secondary legislation to ensure consistency and coherence in the implementation of the provisions of the Bill, where appropriate. A pragmatic approach will be adopted to ensure that the Bill meets the requirements of Welsh Contracting Authorities and suppliers.

Agenda Item 6

By virtue of paragraph(s) vi of Standing Order 17.42

Document is Restricted

Adfywio Canol Trefi yng Nghymru

Regenerating town centres in Wales

Y Pwyllgor Cyfrifon Cyhoeddus a Gweinyddiaeth Gyhoeddus
Public Accounts and Public Administration Committee

Cynnws | Contents

* Saesneg yn unig | English only

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Town Centre Regeneration

Ymateb gan Gyngor Sir Gaerfyrddin

Evidence from Carmarthenshire County
Council

**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>

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Town Centre Regeneration

Ymateb gan FSB Cymru

Evidence from FSB Wales

Town Centre Regeneration

Consultation response: Public Accounts and Public Administration Committee September 2022

About FSB

FSB Wales is the authoritative voice of businesses in Wales. It campaigns for a better social, political, and economic environment in which to work and do business. With a strong grassroots structure, a Wales Policy Unit and dedicated Welsh staff to deal with Welsh institutions, media and politicians, FSB Wales makes its members' voices heard at the heart of the decision-making process.

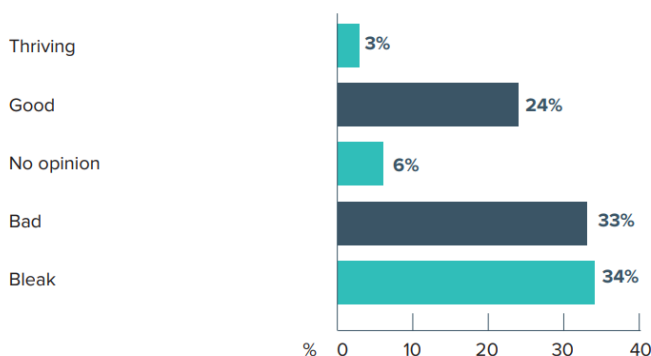
SMEs comprise the vast majority of enterprises in Wales (99.4%) and so policy-making must be rooted in a 'Think Small First' approach. Given the importance of SMEs to town centre regeneration agenda, SMEs must be at the heart of the discussion.

Introduction

FSB Wales welcomes the opportunity to submit evidence to the Public Accounts and Public Administration Committee on town centre regeneration – a topic that is critical to many of our members and SMEs across Wales.

Earlier this year, FSB Wales published 'A Vision for Welsh Towns'. Our findings were that Welsh town centres and high streets are a source of demonstrable resilience: despite the odds stacked against them – from out-of-town developments and online retail to demographic changes and, recently, the pandemic – their presence as the heart of communities remains. Crucially, people haven't given up on them, and they are places people feel passionate about and have a strong personal and community connection with. While town centres and high streets remain central to our communities, they unquestionably face huge challenges. Many of the issues are long-standing and well-established. The difficulties facing many of these small businesses have only increased due to the pandemic. In the eyes of many, the outlook for these spaces is 'bleak'. Our public-facing survey results from earlier this year reflected that sentiment.

TABLE 1: How would you describe your local town centre or high street?



Town centres and high streets across Wales are diverse, varying significantly by socio-economic makeup, sectoral breakdown and historical or natural qualities, as well as in their individual competitive advantages. A single prescriptive blueprint for success is therefore an impossible challenge. However, our diversity is our strength. Town centres and high streets can be beacons of character and creativity, of civic life and cohesion in a way that is unmatched by out-of-town developments. The place-making and strengthening potential of these spaces presents exciting social, economic and environmental opportunities.

Pre-COVID challenges

Our research in 2018 highlighted three main types of migration affecting rural areas and small towns:

- The exodus of young adults
- The arrival of retirees
- 'Counter-urbanisation' by pre-retirement groups of 30 and 40-year olds with their children

'The Future of Towns in Wales' report also illustrated the ongoing trend of urbanisation. An increasing proportion of the population are relocating to live in cities from rural towns and villages. This has been coupled with the clustering effect of newer and higher paying industries; media, finance, technology, and others, located in closer vicinity to each other. For smaller towns throughout Wales, this has meant a decline in the economically active population, and a flight of medium and higher salaried jobs. Many towns are witnessing higher levels of unemployment, unskilled and or seasonal work, as jobs and people of working age concentrate in cities.

When combined with the rise of online retail, these forces place town centres in an unenviable position of competing to maintain their central community relevance in twenty-first century Wales. Audit Wales have reported the concerning decline of town centres over recent years, through a loss of services and anchors:

- Between 2012 and 2020, bank and building society branches reduced by nearly 29% and ATMs have fallen by 18% in the last three years
- Post offices have experienced a decline, falling by almost 4% over the last decade
- One in seven shops on high streets in Wales are empty

The size of space required for most high street small businesses rarely equates to the size of an empty property that was previously occupied by a large retailer or bank. It would be encouraging to see owners of large empty properties consider how these units can be repackaged to better attract smaller businesses.

COVID-19: Impacts and challenges

Cumulatively, the pre-pandemic context for town centres was more than sufficient to make the task of their revival and modernisation an uphill struggle. The experience of the COVID-19 pandemic has served to exacerbate many of those challenges.

As expected, our public engagement highlighted that people typically use their town centres and high streets less and online retail more, a process accelerated by the pandemic.

Attempting to push against this process would likely be pointless. However, both offer entirely different experiences. The reality is that both must co-exist and will continue to play a role in our lives on that basis. The question becomes how to adapt the high street and SME retail offer to this new reality and take advantage of the opportunities it does afford.

The implications of such a difficult operating environment for small businesses cannot be overstated. Long-standing and typically successful small businesses have been forced into making difficult decisions. One of the retail businesses interviewed by FSB Wales, which has been in their town centre for nearly 80 years, explained how the dramatic decline in footfall means that redundancies will shortly become inevitable. Many of the challenges will have been exacerbated by the recent experiences through the energy crisis. The business indicated that, prior to the pandemic, they had plans to expand their operations and recruit more members of staff in their town centre premises.

FSB Wales' engagement has also reflected a depressing situation for our town centres. Feedback from our public poll highlighted some concerning sentiments.

TABLE 2: How has the COVID-19 pandemic affected your use of the town centre or high street?

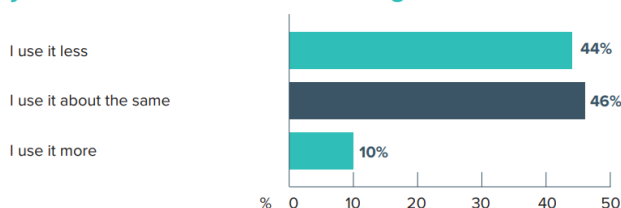
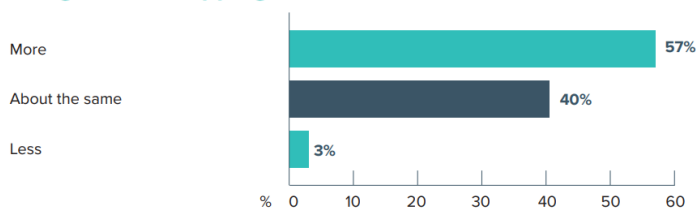


TABLE 3: Has the COVID-19 pandemic resulted in you using online shopping more or less?



Current crisis

The town centre regeneration agenda must not exist in a policy vacuum, particularly within the context of the current cost-of-doing-business crisis. Soaring operating costs for businesses holds the potential to exacerbate an already pessimistic outlook for town centres.

Surging operating costs, a high tax burden and struggles to fill vacancies are threatening the futures of tens of thousands of small firms and sole traders across the Wales. While the consumer prices rate of inflation bursting through 10% is eye-watering, producer input prices are up by more than double that figure and this will filter through, pushing up the cost of living even more. The cost of doing business crisis has worsened to the point that confidence is now lower than during last year's disrupted festive trading season.

Decision-makers at all levels should seek to address and alleviate the immediate cost pressures that existing small retail businesses in town centres are enduring. This must include considerations around business rates, parking and direct business support.

Recent activity and priorities

The Welsh Government has invested around £900 million in regenerating town centres since 2014. Over recent years, the Welsh Government received reports by Audit Wales and Foundational Economy Research to illustrate the precarious state of our town centres and help develop pathways to achieving a vision of "environmentally responsible, spatial development around compact centred towns with active travel and local facilities".

The Welsh Government is also developing activity surrounding a Retail Strategy for Wales, drawing in different actors from across retail and business, including FSB. Additionally, Welsh Government have convened a small Task-and-Finish Group to focus on possible interventions to drive forward significant change. However, this activity sits under the Climate Change Ministerial Portfolio and it is unclear as to where this - and the more business-focussed conversations under the responsibility of the Economy portfolio within Welsh government - join.

Any transformational approach on regeneration needs to be complemented by a positive approach to develop an essential sector within our towns – developing a sustainable retail offering and employment which builds economic development within Welsh communities. It is vital that there is a joined-up and cross-governmental approach to towns, retail and business support that is centred on small businesses. For many, retail is at the heart of town centres and high streets. However, in recent years, there's been a noticeable shift in attitudes of decision-makers on the perceived viability of shops in these spaces. The Welsh Government's commissioned reports seemingly distance themselves from reliance on the sector, particularly against the backdrop of significant competitors in the form of out-of-town retail parks and online shopping alternatives.

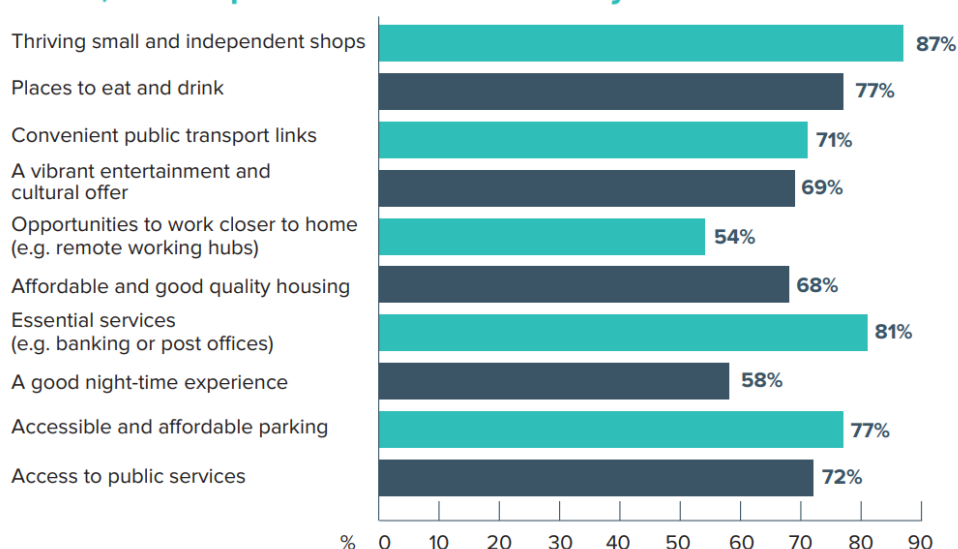
In 2020, the Welsh Government noted "many towns are struggling in the wake of declining retail sales and the way we use town centres has changed. To help breathe new life into town centres, the Welsh Government is today unveiling a new 'Town Centre First' approach, which means locating services and buildings in town centres wherever possible. Utilising this approach, the public sector is also being

encouraged to support towns by locating offices, facilities and services within them in order to drive footfall and create or sustain vibrancy.”

The performance of retail in town centres over recent years has not simply occurred due to an intrinsic and unsurmountable irrelevance. The shift in habits is complex, but in part it has been caused by the emergence of a fast-paced society with tools at its disposal to purchase products quickly and conveniently – from the comfort of their home. While this represents a significant challenge and imbalance, it does not mean that retail – particularly SME retailers - has only a limited role in our town centres. A positive strategy for retail in town centres is an important part in joining the different elements up and must not be an afterthought, or dismissed as irrelevant.

Indeed, while diversification will prove central to recovery efforts, our research strongly suggests that any dismissal of the future of retail in town centres and high streets is inconsistent with public attitudes and expectations. When prompted to rank what they would like to see in their local town centre or high street, ‘thriving small and independent shops’ came out on top – above all other key areas like places to eat and drink, a vibrant night-time economy, options to work closer to home and placement of essential services.

TABLE 4: Thinking about your local town centre or high street, how important are the below to you?



The Welsh Government’s Retail Strategy and subsequent activity should account for this continued importance for the sector in town centres, and explore ways for retail to be adapted to towns’ advantage. FSB Wales will continue representing the voice of small businesses through this process.

Crucially, there is no one individual decision-making body that holds all the levers necessary to improve our town centres. Efforts may inevitably be piecemeal, and cumulatively be worth more than the sum of its parts, but recent experiences point to disjointed thinking and lack of a clear vision. For example, the UK Government’s Levelling Up agenda and post-EU funding arrangements, while potentially posing opportunity, also run the risk of confusing the town centre narrative, in absence of meaningful collaborative effort with the Welsh Government and other key stakeholders. Our report, ‘Building Businesses’ (2022) explores some of the tensions and opportunities for UK and Welsh Governments on delivering on this agenda in a way that works for small businesses.

In many ways, the aspiration of the Welsh Government has been to make the right thing to do the easy thing to do. This principle must also be applied to the vision for town centres. Out-of-town developments and online retail represent a threat not because of the experience they offer, but rather the simple conundrum of convenience. Rebalancing these relationships in favour of town centres must appreciate and address this issue. As the report by Audit Wales highlights, the Welsh Government’s ‘town-centre-first’ policy is not yet fully embedded.

It is important that the Welsh Government ensures that policy objectives across all departments which impact on town centres dovetail and are complementary. This also needs a clear overarching economic development strategy and narrative that provides a clear understanding of the aims and how they will be delivered, so that stakeholders – including SMEs – understand what the expectation of government is and of themselves to plan accordingly.

Over recent months, there has been some evidence of improvement in towns accessing schemes such as the Welsh Government’s Transforming Towns funding. In Rhyl, derelict buildings such as Costigan’s public house have been brought back into operation and refurbished, offering start-up space and

business office space. Other developments, such as the demolition and redevelopment of Queen's Market in Rhyl are ambitious and have the potential to affect the viability of the general town centre, but are stalling due to increased costs and labour issues. It is critical that these projects are seen through to completion and can provide learning for developments elsewhere.

Coalitions for change

Our engagement with businesses has demonstrated the influence that clear leadership, or lack thereof, can have on the success of town centres. Only 13% of public respondents indicated that they felt that their town centre had been supported well by decision-makers, compared to a substantial 46% who do not.

Nonetheless, there are some positive examples of local leadership that have inspired innovative improvements.

Ymlaen Llanelli – Llanelli's Business Improvement District – was repeatedly highlighted in our public engagement as being determined to build a more vibrant town centre through regularly holding free events, including annual festivals to community street parties and open-air cinemas to help reconnect local people with their town centre and increase footfall. In addition to the events, Ymlaen Llanelli create and invest in initiatives that improve access and enhance the town centre experience, including a number of free parking days, installation of hanging flower baskets and working with Dyfed Powys Police to alleviate some of the issues in the centre. One respondent said:

"The BID (Business Improvement District) in my area has been instrumental in driving support, help and guidance through a clear multi-agency framework which they lead on and continues to lead on the area and its businesses recovery."

Treorchy has also been hailed for its strong entrepreneurial culture, with many thriving independent businesses. This success has been attributed – at least partly – to a robust partnership between local authorities, the business community and customers.

Small businesses recognise their own leadership roles in helping achieve improved town centre spaces. The willingness of businesses in Wales to support their town centres has been evidenced through the growing number of Business Improvement Districts in which businesses are freely voting to impose an annual levy on themselves to fund improvements to the centre.

Our recent report made a number of recommendations in this area:

- Local Authorities should act as coordinators in identifying positive examples of Business Improvement Districts, and disseminating these ways of working among existing or prospective BIDs. Analysis should be undertaken to understand how the activity of BIDs can effectively complement Local Authority provision in a way that maximises town centre viability.
- City and Growth Deals must make an active effort to involve, prioritise and consider town centres – and the interconnectedness of these spaces – through their activities to strengthen their regions.
- Revitalising our town centres will require a cross-sector effort. FSB Wales recognises its own role in helping to guide small businesses in town centres to be more collaborative, innovative and sustainable. This will be an area of focus for FSB Wales' engagement in striving to help achieve our vision for Welsh towns. In some instances, public sentiments have passionately and heavily emphasised the role of anti-social behaviour in creating an off-putting environment which ultimately holds the town centre back.
- Local Authorities should coordinate discussions – including with community and business groups, the police and other key stakeholders – to identify trends of anti-social behaviour, and outline a cross-cutting strategy and action plan for prevention, monitoring and enforcement to ensure that people feel safe and welcome in their town centre. Recommendation: Local Authorities should develop robust and effective engagement structures to ensure that the voices of small businesses are heard.

However, clarity and accessibility are particularly desirable objectives within the current context of competing pressures. The complex and, at times, seemingly competing or contradictory narratives and governance structures for business support and decision making serve to exacerbate complexity. Addressing this issue must be a key priority for officials working in this area.

A culture of collaboration must be at the heart of ensuring that our town centres are fit for the twenty-first century. Online retail, and digital dependence, is an undeniable and irreversible presence in twenty-first century Wales. Its consequences for town centres remain challenging, but represent an impetus to innovate and modernise – not to give up on these spaces, or physical retail. A digital eco-system for towns could help reconnect residents and visitors with town centre spaces, including events and small businesses, while helping to develop effective streams of data – valuable to small businesses and Local Authorities to identify vulnerabilities, outline solutions, as well as monitoring progress. While digital technologies can allow businesses to reach new markets, they can also help firms become more innovative, productive and efficient – such as service sector industries using online booking platforms to become more productive.

Our recent report also made a number of recommendations in this area:

- Business Wales should create Digital Towns teams which offer expert, intensive and place-based enterprise support for the independent sector. These teams would be collaborative and include expertise from the public, private and third sectors to improve the digital capabilities of independent traders.
- Local Authorities should commit to developing effective data-collection and monitoring infrastructure, used to inform on the efficacy of innovative interventions by decisionmakers and small businesses themselves.
- Decision-makers should take a 'No Town Left Behind' approach to the digital transformation of town centres.
- The Welsh Government should develop and implement a plan to improve the interaction between town centre businesses and their online presences – to drive e-commerce, footfall and tourism for the area – through a collaborative digital platform which is easily accessible to residents and visitors

Senedd Cymru

Welsh Parliament

Y Pwyllgor Cyfrifon Cyhoeddus a
Gweinyddiaeth Gyhoeddus

Public Accounts and Public Administration
Committee

Adfywio Canol Trefi

Town Centre Regeneration

Ymateb gan Gyngor Sir Ynys Môn

Evidence from Isle of Anglesey County
Council

Ymchwiliad Pwyllgor Cyfrifon a Gweinyddiaeth Gyhoeddus Senedd Cymru i Adfywio Canol Trefi – Gwybodaeth a Sylwadau gan Gyngor Sir Ynys Môn

Sylwadau yn ymwneud â'r cwestiynau a amlygwyd yn eich llythyr (testun italig tywyll).

1. Polisi a Deddfwriaeth Genedlaethol sy'n hanfodol i adfywio trefi i'w galluogi nhw i ffynnu a goroesi - penderfynu a yw'r ddeddfwriaeth a liferau polisi Llywodraeth Cymru ar gyfer adfywio yn addas i'r diben ac yn canolbwyntio ar fynd i'r afael â'r problemau sylfaenol sy'n wynebu trefi. Yn benodol, mae'r Pwyllgor am edrych ar bolisi cynllunio a pholisi Canol Trefi yn Gyntaf Llywodraeth Cymru.

Mae'r modd y mae Llywodraeth Cymru yn gweithredu drwy ganllawiau a pholisiau cynllunio cenedlaethol yn gynyddol ffafriol ac yn amddiffynol tuag at ganol trefi. Mae'r rhain yn rhoi'r hyblygrwydd i Awdurdodau Cynllunio Lleol i unio polisiau manwerthu/canol trefi a chyfyngu ar ddefnyddiau manwerthu/canol trefi yn unol ag amgylchiadau/hyfywedd y canolfannau hynny. Mae dogfen 'Cymru'r Dyfodol' yn cefnogi creu canolfannau aml-swyddogaethol gyda dyletswyddau tu hwnt i'r swyddogaeth manwerthu draddodiadol, a mae lle i edrych ar leoli hybiau gwasanaeth newydd gan y sector cyhoeddus yng nghanol trefi.

Mae'n bwysig cofio nad yw'r rhan fwyaf o ddatblygiadau a newidiadau sy'n digwydd yn y byd go iawn yn cael eu rheoli gan benderfyniadau polisi cynllunio, a dim ond un ymhlith llawer o ddylanwadau ar yr hyn sy'n digwydd mewn gwirionedd yw'r system gynllunio. Dros y degawdau diwethaf gwelwyd newidiadau ym meysydd trafniadaeth, manwerthu, a chwyldro digidol. Mae datblygiadau manwerthu wedi digwydd ar ymyl neu gyrion trefi ar draws Cymru, ac mae twf mawr hefyd wedi bod mewn siopa ar-lein, gyda hwb mawr i hynny yn ystod pandemig Covid. Mae'n ymddangos bod canol trefi mwy twristaidd Môn wedi addasu'n dda, gyda thwf mewn defnyddiau fel bwytai, llety gwyliau a siopau anrhegion, gydag ychydig iawn o unedau gwag. Mae rhi canol trefi traddodiadol eraill wedi bod yn llai llwyddiannus, gyda thwf diweddar sylweddol yn niferoedd yr unedau gwag.

Yn aml mae gan ganol trefi traddodiadol lawer o adeiladau hanesyddol, ond mae natur llawer o adeiladau hyn canol trefi yn golygu eu bod yn tueddu i beidio ag apelio at lawer o gadwyni masnachol cenedlaethol. Yn aml mae gan nifer o ganol trefi hanes cyfoethog ac asedau hanesyddol a diwylliannol diddorol y gellir eu defnyddio fel modd o ddenu pobl.

Mae hygyrchedd yn un o'r prif anghenion i ganol trefi ffynnu, gan sicrhau eu bod yn gyfleus ac yn hawdd i'w cyrraedd o weddill y dref a'i gyffiniau / dalgylch. Mae Llywodraeth Cymru yn gweithio gydag awdurdodau lleol sirol ac yn eu cefnogi i wella cyfleusterau trafniadaeth gyhoeddus a chysylltiadau a seilwaith teithio llesol. Erbyn hyn mae gan rai canol trefi lefydd parcio cyhoeddus gormodol, a gallai ardaloedd dros ben gael eu haildatblygu neu eu hail-bwrpasu ar gyfer defnyddiau eraill sy'n fuddiol i'r cyhoedd. Mae angen mynd i'r afael â materion seilwaith gwyrdd yng nghanol trefi, a cheisio gwella bioamrywiaeth a creu mannau gwyrdd lle mae hynny'n ddiffygiol ar hyn o bryd. Mae Llywodraeth Cymru wedi bod yn cynnig rhywfaint o gyllid i awdurdodau lleol ar gyfer astudiaethau seilwaith gwyrdd a phrosiectau yng nghanol trefi. O ystyried

cost uchel ynni a natur hŷn llawer o adeiladau canol trefi, mae angen mynd ati yn fwy dygn i hybu effeithlonrwydd ynni a nodau carbon sero-net. Ble mae gan ganol trefi traddodiadol lawer o eiddo gwag dros ardal eang, mae angen ystyried y potensial i atgyfnerthu'r craidd manwerthu/masnachol, megis trwy annog defnyddio llawr gwag llai canolog ar gyfer defnyddiau eraill. Gellid cyflawni hyn drwy ddynodiadau defnydd cynllunio a/neu drwy ddarparu cymhellion ariannol perthnasol.

Mater arall o ran polisi cynllunio yw ei ymatebolrwydd i newidiadau allanol sy'n effeithio ar hyfywedd canolfannau manwerthu. Yn ystod y blynyddoedd diwethaf, mae dirywiad masnachol clir wedi digwydd mewn sawl canolfan fanwerthu a nodwyd a sydd i'w diogelu o fewn y Cynllun Datblygu Lleol (CDLI). Mae'r polisi lleol a gynhwysir yn y CDLI yn seiliedig ar yr ymchwil yn ol pan baratowyd y cynllun a phan na ragwelwyd effeithiau allanol fel sgil effaith y pandemig. Mae angen i system gynllunio allu ymateb i newidiadau allanol,. Fe wnaeth Llywodraeth Cymru gyflwyno newidiadau dosbarth defnydd / dosbarth a ganiateir dros dro yn ystod y pandemig diweddar.

Mae Grant Creu Lleoedd Llywodraeth Cymru bellach yn amodol ar fodolaeth cynlluniau creu lleoedd lleol ac aliniad prosiectau gyda'r rhain, ac yn ddiweddar cyhoeddwyd canllawiau ar gynnwys cynlluniau o'r fath. Croesewir hyn a'r cynnig o rywfaint o gyllid refeniw i helpu paratoi cynlluniau o'r fath, a bwriadwn baratoi rhai dros y misoedd nesaf. Mae gan awdurdodau lleol y gallu i fabwysiadu'r cynlluniau lleoedd hyn fel canllawiau cynllunio atodol. Ar hyn o bryd mae'r broses yn ei babandod ac ychydig iawn o gynlluniau o'r fath sydd eto wedi eu cwblhau a mewn lle ar draws Cymru. Iddynt fod yn ymarferol ddefnyddiol a chael silff-fywyd tymor hir mae'n bwysig bod cynlluniau lleoedd lleol yn weledol ddeniadol, clir a chryno, yn adlewyrchu'r materion/ pryderon / cyfleoedd a godwyd gan bobl a busnesau lleol, ac yn cael eu hadolygu a'u diweddarau'n rheolaidd.

2. Creu a chynnal clymbleidiau lleol o newid – sut y mae awdurdodau lleol a'u partneriaid lleol, gan gynnwys dinasyddion a defnyddwyr gwasanaethau, yn rheoli ac yn adfywio trefi yng Nghymru; ac ystyried a oes gan awdurdodau lleol a'u partneriaid allweddol y sgiliau cywir, arweinyddiaeth, adnoddau, prynu i mewn a'u gallu i adfywio trefi.

Mae adfywio a rheoli canol tref effeithiol yn gofyn am gydweithrediad a chydlynu ar draws sefydliadau a sectorau. Mae angen i gynlluniau canol trefi ystyried llawer o wahanol faterion a chwaraewyr, ac nid ydynt bob amser yn llyfydd hawdd i'w deall na'u rheoli'n effeithiol. Prif rôl y sector cyhoeddus ddylai fod i hwyluso'r sector preifat i ffynnu. Mae'r nifer o drefi a sefyllfaoedd gwahanol yn gofyn am amrywiadau mewn dulliau gweithredu, a does dim 'un maint yn gweddu i bawb'.

Nododd adolygiad diweddar Archwilio Cymru restr hir o'r camau yr oeddent o'r farn y dylai awdurdodau lleol fod yn eu cyflawni. Mae llawer o bwysau cystadleuol ar awdurdodau lleol, ac efallai na fydd modd cyflawni'r holl gamau a restrir yn llawn. Roedd adolygiad Archwilio Cymru yn ymwneud ag adfywio canol trefi a nid oedd yn ymestyn i gynnwys rheolaeth canol trefi. Mae o leiaf un blaid wleidyddol (Plaid Cymru) wedi cynnig y dylai rheoli canol trefi fod yn un o swyddogaethau statudol awdurdodau lleol.

O ran capasiti, mae gan Gyngor Sir Ynys Môn un swyddog adfywio penodol ar gyfer y sir, ac mae ei staff adfywio eraill yn cael eu hariannu'n allanol ar brosiectau dros dro penodol, ran fwyaf ar brosiectau sy'n gysylltiedig â threftadaeth yn ardal Caergybi. Nid oes swyddogion adfywio canol tref penodol na rheolwyr canol trefi, ond mae swyddogion ar draws gwahanol wasanaethau yn yr awdurdod yn ymgymryd â rolau ledled y sir sy'n cyfrannu at les canol trefi. Gyda pump canol tref yn y sir, mae'n anochel bod lefel y gwaith adfywio canol trefi neu weithgaredd rheoli canol trefi rhagweithiol y gellir ei wneud gan y cyngor sir yn gyfyngedig, ac yn cael ei effeithio gan flaenoriaethau ehangach.

Wrth ymateb i faterion capasiti staff adfywio awdurdodau lleol, mae Llywodraeth Cymru'n caniatáu i ddyfarniadau grantiau prosiect cyfalaf gynnwys ffi rheoli prosiectau, ond yn amlwg mae hyn wedi'i gyfyngu o ran cwmipas ac amserlen. Mae LIC hefyd wedi bod yn dyfarnu rhywfaint o gyllid refeniw tymor byr ar gyfer astudiaethau canol tref yn ddiweddar. Mae cynnig cyllid aml-flwyddyn tuag at y gost o gyflogi staff adfywio canol trefi / rheoli canol trefi yn opsiwn y dylid ei ystyried.

Mae Cynghorau Tref hefyd yn awdurdodau lleol etholedig gyda llawer o bwerau dewisol a'r gallu i godi cyllid o bresept yn ogystal â sicrhau benthyca cyhoeddus. Yn rhesymegol, dylai Cynghorau Tref fod mewn sefyllfa dda i delio â llawer o faterion adfywio canol tref lleol a rheolaeth canol tref ar gyfer eu trefi, gyda chynghorau sir yn gweithredu mewn rôl gefnogol gan gynnwys mynediad at grantiau, ac arwain ar brosiectau mwy a swyddogaethau a wneir orau ar lefel sirol. Roedd gan y cynghorau dosbarth trefol cyn 1974 lawer mwy o swyddogaethau a staff na'r cynghorau tref presennol.

Mae rhai enghreifftiau o brosiectau adfywio cyngor tref da, megis adnewyddiad Cyngor Tref Caerdybi o Sinema'r Empire gyda chyfleuster chwarae dan do, gyda chymorth gan yr awdurdod lleol a LIC. Cyngor Tref Caerdybi hefyd oedd yn arwain grŵp consortiwm cais LUF Caerdybi yn ddiweddar. Dylai'r Pwyllgor ystyried y potensial ar gyfer datblygu rôl cynghorau tref fel cyrff arweiniol lleol gweithredol ar gyfer rheoli a gwella canol trefi lleol.

Mae gan yr heddlu hefyd ran bwysig i'w chwarae wrth reoli canol trefi. Mae trosedd ac anhrefn ac ymddygiad gwrthgymdeithasol yn faterion pwysig yng nghanol rhai trefi. Weithiau mae tuedd i weld grwpiau o bobl ifanc yn eu harddegau yng nghanol trefi fel problem, a dylid ystyried eu hanghenion yn llawn fel rhan o gynlluniau a mentrau canol trefi perthnasol.

3. Cyfraddau annomestig, cymhellion a threthi canol trefi - mae trethi annomestig yn cael eu gweld fel baich ar fusnesau bach, ond maent hefyd yn cynhyrchu £1 biliwn ar gyfer gwasanaethau cyhoeddus yng Nghymru ac yn hanfodol i iechyd ariannol llywodraeth leol. Dangosodd y pandemig bod awdurdodau lleol sy'n gweithio'n hyblyg wrth ddatblygu cymhellion yn hanfodol i helpu busnesau canol y dref i oroesi. Gallai beth sydd i'w ddysgu o'r pandemig siapia ymatebion wrth symud ymlaen.

I lawer o adeiladau yng nghanol trefi llai (siopau) mae'r trethdalwyr busnes yn cael eithriad busnes bach ac yn talu dim trethi os oes gan yr adeilad RV o £6,000 neu lai neu dalu rhai o'r trethi nes bod RV yr adeilad yn cyrraedd £12,000. Yn ystod Covid (2020/21 a 2021/22) fe gynyddodd hyn i uchafswm o £110,000 yn y sectorau adwerthu, hamdden neu letygarwch er mwyn cael eithriad ardrethi busnes, a roedd hyn yn help mawr i gadw'r busnesau hyn i fynd.

O ran y polisi trethu busnes parhaus, dau beth nad yw'n helpu canol trefi ar hyn o bryd yw:-

Tafarndai, Gwestai ayyb. Mae'r math yma o fusnes yn rhan bwysig o ganol trefi, ond oherwydd bod yr RV dros £12,000 i'r rhan fwyaf o'r rhain mae'n rhaid iddyn nhw dalu'r cyfraddau yn llawn a ddim yn cael unrhyw gymorth. Mae llawer o achosion wedi bod lle mae'r bragdy'n rhoi tenant i mewn, ond dydyn nhw ddim yn gallu talu ac yn gadael gyda dyledion ac mae'r tenant nesaf yn dod i mewn ac yn gwneud yr un peth. Mae angen help ar y math yma o fusnes neu bydd mwy ohonynt yn cau dros y flwyddyn nesaf ac mae hyn yn achosi dirywiad mewn canol trefi.

Eithriad Eiddo Gwag. Dim ond am 3 mis y mae'r eithriad yn para ac yna mae'r cyfraddau'n daladwy yn llawn - nid yw'n bosibl rhoi eithriad busnes bach ar eiddo gwag. Mae yna lawer o achosion lle mae'r landlord yn llenwi'r eiddo gydag unrhyw ddefnydd er mwyn osgoi gorfod talu'r trethi. Siop elusen yw hon fel arfer, oherwydd gall yr elusen hawlio eithriad elusennol gorfodol a dewisol ac felly talu dim trethi. Mae'r landlord yna'n hapus am eu bod nhw'n osgoi talu'r trethi a'u bod yn cael rhent - ond dydi cael tref yn llawn siopau elusen ddim yn helpu canol trefi chwaith. Byddai'n ddefnyddiol pe gallai fod eithriad llawn (ar gyfer eiddo gyda RV dros £6,000) os yw'r busnes yn un newydd.

Byddai'n bosibl bod ychydig yn fwy creadigol gyda'r trethi busnes e.e. mae cyfraddau pawb yn seiliedig ar lluosydd RV x, ond mae'r lluosydd presennol yr un ffigur i bawb. Byddai lluosydd uwch yn bosibl ar gyfer parc manwerthu y tu allan i'r dref / eiddo archfarchnadoedd a lluosydd llai ar gyfer busnesau canol trefi dynodedig. Byddai modd gwneud hyn a lleihau'r baich treth ar fusnesau canol trefi heb leihau faint o arian sy'n cael ei gynhyrchu fel cyfanswm.

Mae cost cynnyddol ynni yn golygu y gallai rhai busnesau canol trefi ei chael hi'n anodd i oroesi, ac mae'n ddigon posib y bydd angen i Lywodraethau y DU a Chymru ystyried mesurau cymorth brys tebyg i'r rhai a ddarparwyd yn ystod pandemig Covid.

4. Argaeledd, rheolaeth ac effaith cyllid Cymru a Llywodraeth y DU ar gyfer adfywio canol y dref - asesu pa mor dda mae arian yn cael ei ddefnyddio i adfywio canol trefi, ac a yw hyn yn cynrychioli gwerth am arian.

Mae pwysau ariannol yn golygu bod adfywio canol trefi ar Ynys Môn yn dibynnu'n fawr ar gyllid allanol, yn bennaf gan Lywodraeth Cymru, gyda'r NLHF yn cyd-gyllido rhai cynlluniau. Mae'r ddibyniaeth hon yn ymwneud â staffio adfywio, cynllunio prosiectau a gweithredu prosiectau.

Mae cyllid blynyddol yn unig yn achosi anawsterau, ac mae'r symudiad gan LC i ddarparu cyllid aml-flwyddyn yn cael ei groesawu. Mae trefniadau cyllid adfywio LIC yn newid dros amser, weithiau yn targedu llai o drefi mwy, gan ddarparu weithiau i drefi llai elwa hefyd. Ar Ynys Môn mae hyn yn golygu bod Caergybi bron bob tro yn gymwys i gael cyllid, ond weithiau dydy'r trefi eraill ddim, sydd weithiau wedi arwain at ddrwgdeimlad. Mae gan Gymru nifer fawr o drefi bach ac mae nifer o'r trefi llai yma yn amlwg angen eu hadfywio. Mae'r trefniant newydd o gael cyllideb 'strategol' i gefnogi prosiectau adfywio trefol pwysig mewn trefi allweddol penodol, a chyllideb 'creu lleoedd' mwy hyblyg efo dirprwyaeth rhanbarthol hyd at £250k y prosiect (y gellir ei ddefnyddio mewn unrhyw dref lle mae'n ymddangos bod achos prosiect cyfiawn) yn ateb ymarferol da.

Mae cyllid Llywodraeth y DU hefyd bellach yn gallu cefnogi canol trefi. Mae rhai prosiectau bach yn cael eu hariannu gyda chyllid refeniw CRF yn ystod 2022, a'r gobaith yw gweld cynlluniai canol tref yn defnyddio arian SPF yn 2023-25. Mae cais cyfalaf LUF mawr wedi'i wneud yn ddiweddar i ariannu pecyn o brosiectau yng nghanol tref Caergybi yn ystod 2023-25 gyda disgwyl penderfyniad mewn rhai misoedd.

Amlgodd ein arolwg diweddar o ddefnyddiau canol trefi bod nifer fawr o unedau masnachol gwag yn rhai o'n trefi llai llewyrchus, a nodwyd hefyd nifer o eiddo adefiliedig. Mae cefnogaeth i fusnesau canol trefi newydd a rhai sy'n bodoli eisoes yn amlwg yn bwysig, gan gynnwys gwybodaeth a chyngor, a chynlluniau cymorth ariannol addas gan gynnwys grantiau a benthyciadau ar gyfer datblygu busnes a buddsoddi mewn eiddo. Mae darpariaeth Llywodraeth Cymru o fenthyciadau ailgylchadwy i awdurdodau lleol er mwyn eu cynnig i berchnogion eiddo yn ffordd dda iawn o wella gwerth cyhoeddus am arian, ond bydd angen cyllid grant ar rai cynlluniau o hyd er mwyn eu gwneud yn hyfyw.

Mae gan broses Gorfodi Canol Trefi ran bwysig i'w chwarae hefyd, ac roedd digwyddiadau hyfforddiant gorfodi diweddar Llywodraeth Cymru ar gyfer awdurdodau lleol yn dda iawn - rydym bellach wedi paratoi Cynllun Gweithredu Gorfodi sy'n nodi deuddeg eiddo blaenoriaeth, ond mae ein capasiti staff yn cyfyngu ar pa mor gyflym y gallwn weithredu'r rhain.

Mae gan ddefnyddiau a buddsoddiadau tai / preswyl rôl allweddol i'w chwarae wrth adfywio canol trefi. Gyda cefnogaeth gan LIC, mae sawl enghraifft dda erbyn hyn o weithio ar y cyd rhwng swyddogion adfywio a thai i fynd i'r afael ag ailddatblygu safleoedd ac adeiladau trefol problemus, gyda chronfeydd adfywio weithiau'n cael eu defnyddio fel ychwanegiad i gonfeydd tai. Nid yw'r defnydd o rai ardaloedd yng nghanol trefi gan y sector cyhoeddus ar gyfer rhai mathau o dai cymdeithasol neu lety dros dro bob amser yn cael ei groesawu gan randdeiliaid lleol oherwydd effeithiau negyddol canfyddedig. Mae'r trefi gwyliau twristiaeth mwyaf poblogaidd wedi gweld llawer o fuddsoddi eiddo fel ail gartrefi neu lety gwyliau, gyda pobl leol yn gynyddol yn methu gallu prynu neu rentu cartrefi preifat, a problemau eraill sy'n gysylltiedig a 'gor-dwristiaeth'.

5. Bargeinion Dinesig a Phartneriaethau Rhanbarthol, a Chyd-Bwyllgorau Corfforaethol – oes mwy y gellir ei wneud yn y gofod datblygu economaidd rhanbarthol i helpu i adfywio trefi yng Nghymru neu fyddai gwneud y trefniadau hyn yn rhedeg y risg o wneud pethau'n fwy cymhleth nag sydd angen.

Mae natur adfywio canol trefi yn golygu bod angen i'r rhan helaeth o'r gwaith gweithredu sydd ei angen ddigwydd yn lleol, ond mae rhai agweddau ohono sydd angen cynllunio a chydlynu rhanbarthol a chenedlaethol.

Mae Grŵp Swyddogion Adfywio Rhanbarthol Gogledd Cymru (RROG) wedi cyfarfod bob mis ers 2018.

Mae'n cynnwys prif swyddogion adfywio'r chwe awdurdod sir lleol a rheolwyr adfywio Llywodraeth Cymru ar gyfer y rhanbarth. Mae'r grŵp hwn yn goruchwyllo'r broses o gynllunio, dyfarnu a gwariant y dyraniad blynyddol o tua £8m o'r gyllideb adfywio flynyddol gan LIC i Ogledd Cymru, a pharatoi ac adolygu cynllun adfywio rhanbarthol. Mae hefyd yn mynd i'r afael â materion a chyfleoedd, a datblygu arferion da, ac mae'n fecanwaith effeithiol ar gyfer adolygu a gwella'r rhyngwyneb cyflenwi / ariannu / polisi yn barhaus. Mae'r grŵp yn darparu trefniadau cydweithredu rhanbarthol ymarferol ac effeithiol, gyda mewnbwn politicaidd pan fo angen.

Mae'n ymddangos bod y RROG yn fodel da ar gyfer cyflawni cydweithrediad rhanbarthol effeithiol ar gost isel, a byddai unrhyw newid sylweddol iddo (megis dod ag adfywio trefol dan CJC) yn peryglu niweidio'r trefniant gweithredol hwn a chreu biwrocratiaeth a chost ychwanegol di-angen.

Mae gan ein partneriaeth economaidd rhanbarthol ffocws ar faterion eraill, ac mae wedi bod yn hapus i'r RROG arwain ar faterion adfywio canol trefi. Gan bod rhai swyddogion yn mynychu'r ddau gellir gwneud unrhyw gysylltiadau angenrheidiol. Mae'r bartneriaeth economaidd rhanbarthol bellach yn arwain ar gynllun buddsoddi rhanbarthol Y DU ar gyfer cyllid SPF a materion cyllido newydd eraill Llywodraeth y DU. Oherwydd bod adfywio canol y dref yn flaenoriaeth i nifer o'r cynlluniau LlyDU newydd, mae'r RROG wedi cytuno i gynnal trafodaeth gyda'r bartneriaeth economaidd ar y ffordd orau o gydweithio ar hyn.

Welsh Parliament Public Accounts & Public Administration Committee Inquiry into Town Centre Regeneration – Information and Comments by the Isle of Anglesey County Council

Date: 12th September 2022

Comments are based on the Issues in your letter (bold italic text)

1) National Policy and Legislation that is critical to the regeneration of towns to enable them to thrive and survive – determining whether the legislation and Welsh Government's policy levers for regeneration are fit for purpose and focus on addressing the underlying problems facing towns. In particular, the Committee wishes to look at planning policy and the Welsh Government's Town Centres First policy.

The Welsh Government's approach through national planning guidance and policies in relation to urban regeneration is increasingly favourable and protective towards town centres. These give Local Planning Authorities the flexibility to formulate retail/town centre policies and limit retail/town centre uses in accordance with the circumstances/viability of those centres. The approach included in 'Future Wales' for the creation of multifunctional centres with duties beyond the traditional retail function is welcomed, and there is scope to locate new public sector service hubs in town centres.

It is important to remember that most developments and changes taking place in the real world are not controlled by planning policy decisions, and the planning system is only one among many influences on what actually happens. Recent decades have seen changes in transport, retailing, and a digital revolution. Many edge or out-of-town retail developments have taken place across Wales, and there has also been a large growth in online shopping, boosted during the Covid pandemic. The more touristic Anglesey town centres appear to have adapted well, with a growth in uses such as restaurants, holiday accommodation

and gift shops, with very few vacant premises. Our other traditional town centres have fared less well, with a significant recent growth in vacancy numbers.

Traditional town centres often have many historic buildings, but the nature of many older town centre buildings means they tend not to appeal to many national commercial chains. Many town centres also often have a rich history and interesting historic and cultural assets that can be used as attractors of footfall.

Accessibility is a key requirement for town centres to thrive, ensuring that they are convenient and easy to access from the rest of the town and its hinterland / catchment area. The Welsh Government works with and supports county local authorities to improve public transport facilities and active travel links and infrastructure. Some town centres now have excess public car parking space, and surplus areas could potentially be redeveloped or repurposed for other publicly beneficial uses. There is a need to address green infrastructure issues in town centres, and seek to improve biodiversity and green space provision where currently deficient, and the Welsh Government has been offering some funding for local authority green infrastructure studies and projects in town centres. Given the high cost of energy and older nature of many town centre premises, there is a need to pro-actively pursue energy efficiency and zero net carbon aims.

Where traditional town centres have many vacant premises over a wide area, there is a need to consider the potential to consolidate the retail/commercial core, such as by encouraging the use of less central empty floorspace for other uses. This could be achieved via planning use designations and/or by providing relevant financial incentives. Another issue from a planning policy perspective is its responsiveness to external changes affecting the viability of retail centres. In recent years, a clear commercial decline has taken place in several existing retail centres identified and protected within the Local Development Plan (LDP). The local policy approach included in the LDP is based on the research carried out when the Plan was prepared and when external impacts such as the side effects of the pandemic were not predicted. Planning systems need to be able to respond to external changes, and the Welsh Government did introduce temporary permitted development / use class changes during the recent pandemic.

The Welsh Government's Place Making Grant regeneration funding is now conditional on the existence of local place making plans and the alignment of projects with these, and guidance on the content of such plans has recently been issued. This and the offer of some revenue funding to help prepare such plans is welcomed, and we intend to prepare such plans over the next few months. Local authorities have the ability to adopt these place plans as supplementary planning guidance. The process is currently in its infancy and few such plans are actually in place across Wales. For them to be practically useful and have a long-term shelf-life it is important that local place plans are visually attractive, clear and succinct, reflect the issues/ concerns / opportunities raised by local people and businesses, and are regularly reviewed and updated.

2) Creating and sustaining local coalitions of change – how local authorities and their local partners, including citizens and service users, are managing and regenerating towns in Wales and considering whether local authorities and their key partners have the right skills, leadership, resources, buy-in and capacity to regenerate towns.

Effective town centre regeneration and management requires effective co-operation and co-ordination across organisations and sectors. Town centre policy needs to consider many different issues and players, and they are not always easy places to understand or manage effectively. The public sector's primary role should be to facilitate the private sector to thrive. The many different towns and situations require variations in approach, and there is no 'one size fits all'.

The recent Audit Wales review identified a long list of actions they considered that local authorities should be undertaking. There are many competing pressures on local authorities, and fully achieving all the listed actions may not be possible. The Audit Wales review related to town centre regeneration and did not

extend to town centre management. At least one political party (Plaid Cymru) has proposed that town centre management should be a statutory function of local authorities.

In terms of capacity, Anglesey CC currently has one core-funded specific regeneration officer for the county, and its other regeneration staff are externally funded on specific temporary projects, mostly on heritage-related projects in the Holyhead area. There are no specific town centre regeneration officers or town centre managers, but officers across various services in the authority do undertake county-wide roles that contribute to the well-being of town centres. With five town centres in the county, the extent of proactive town centre regeneration or town centre management activity that can be undertaken by the county council is inevitably limited, and impacted by wider priorities.

Responding to local authority regeneration staff capacity issues, the Welsh Government does allow capital project grant awards to include a project management fee, but this is obviously limited in scope and timescale. WG has also recently been awarding some short-term revenue funding for town centre studies. Offering multi-year co-funding towards the cost of employing local town centre regeneration / town centre management staff is an option that should be considered. Town Councils are also elected local authorities with many discretionary powers and the ability to raise funding from a precept as well as secure public borrowing. Town Councils should logically be well placed deal with many local town centre regeneration and town centre management matters for their towns, with county councils acting in a supportive role including access to grants, and generally leading only on larger projects and functions best undertaken on a county-level. The pre-1974 urban district councils had far more functions and staff than the current town councils.

There are some examples of good town council regeneration projects, such as Holyhead Town Council's refurbishment and reopening of the closed Empire Cinema with an indoor play facility, with support from local authority and WG regeneration officers. Holyhead Town Council also led the recent Holyhead LUF bid consortium group. The potential for developing the role of town councils as active local lead bodies for managing and improving local town centres should be considered by the Committee.

The police also have an important role to play in managing town centres. Crime and disorder and anti-social behaviour are issues in some town centres. There is sometimes a tendency to see groups of teenagers in town centres as a problem, and their needs should be fully considered as part of relevant town centre plans and initiatives.

3) Non-domestic rates, town centre incentives and taxes – non-domestic rates are seen as a burden on small businesses, but they also generate £1 billion for public services in Wales and are vital to the financial health of local government. The pandemic showed that local authorities working flexibly in developing incentives was critical to helping town centre businesses survive. What is there to be learned from the pandemic that can shape responses going forward.

For many buildings in smaller town centres (shops) the business ratepayers receive a small business exemption and pay no taxes if the building has an RV of £6,000 or less or pay some of the taxes until the building's RV reaches £12,000. During Covid (2020/21 & 2021/22) this increased to a maximum of £110,000 in the retail, leisure or hospitality sectors to receive a business rates exemption and this greatly helped keep these businesses going.

In terms of the ongoing business rating policy, two things that don't help town centres at present are:- Public Houses, Hotels etc. This type of business is an important part of town centres, but because the RV is over £12,000 for most of these they have to pay the rates in full and don't receive any help. There have been many cases where the brewery puts a tenant in, but they can't pay and leave with debts and the next tenant comes in and does the same. This kind of business needs help or more of more will close over the next year and this is causing town centre decline.

Empty Property Exemption. The exemption only lasts for 3 months and then the rates are payable in full – it is not possible to put a small business exemption on an empty property. There are many cases where the landlord fills the property with any use to avoid having to pay the rates. This is usually a charity shop, because the charity can claim a mandatory and discretionary charitable exemption and thus pay no rates. The landlord is then happy because they avoid paying the rates and they receive rent - but having a town full of charity shops doesn't help town centres either. It would be helpful if there could be a full exemption (for a property with an RV over £6,000) if the business is new. It would be possible to be a little bit more creative with the business rates e.g. everyone's rates are based on an RV x multiplier, but the multiplier is the same figure for everyone. A higher multiplier would be possible for out-of-town retail park / supermarket properties and a smaller multiplier for designated town centre businesses. It would be possible to do this and reduce the tax burden on town centre businesses without reducing the amount of money that is generated overall.

The rapidly rising cost of energy means some town centre businesses may struggle to survive, and the UK and Welsh Governments may well need to consider emergency support measures similar to those delivered during the Covid pandemic.

4) The availability, management and impact of Welsh and UK Government funding for town centre regeneration – assessing how well money is being used to regenerate town centres, and whether this represents value for money.

Financial pressures mean that town centre regeneration on Anglesey relies heavily on external funding, mainly from the Welsh Government, with NLHF co-funding for some schemes. This reliance relates to regeneration staffing, project planning and project delivery.

Annual-only funding causes difficulties, and the move by the WG to provide multi-year funding is welcomed. WG regeneration funding arrangements change over time, sometimes targeting fewer larger towns, sometimes providing for smaller towns to benefit as well. On Anglesey this means that Holyhead almost always qualifies for funding, but the other towns sometimes do not, which has sometimes led to resentment. Wales has a large number of small towns and many of these smaller towns clearly need regeneration. The new arrangement of having a 'strategic' budget to support important urban regeneration projects in specific key towns, and a more flexible and regionally delegated 'place making' budget capped at £250k per project that can be used in any town where there is a justifiable project case appears to be a good practical solution.

UK Government funding is also now being utilised or applied for to support Anglesey's town centres. Some small projects are being funded with CRF revenue funding during 2022, and it is hoped to see town centre initiatives using SPF revenue / capital funding in 2023-25. A large LUF capital bid has recently been made to fund a package of projects in Holyhead town centre during 2023-25 with a decision expected in the Autumn.

Our recent town centre uses survey highlighted a significant issue of commercial vacancy in some of our less prosperous towns, and noted a number of dilapidated properties. Support for new and existing town centre businesses is therefore clearly important, including information and advice, and suitable financial support schemes including grants and loans for business development and property investment. The Welsh Government's provision of recyclable loans to local authorities to offer to property owners is a very good way to improve public value for money, but some schemes will still need grant funding to make them viable.

Town Centre Enforcement also has an important role to play, and the Welsh Government's recent enforcement training events for local authorities was very good, and we have now prepared an Enforcement Action Plan which identifies twelve priority properties, but staff capacity limits how rapidly we can progress these.

Housing / residential uses and investments have a key role to play in town centre regeneration, and often encouraged / supported by WG, there are now several good examples of joint working between regeneration and housing officers to tackle the redevelopment of problematic urban sites and buildings, with regeneration funds sometimes used as a top-up for housing funds. The use of some town centre areas by the public sector for certain types of social housing or temporary accommodation is not always welcome by local stakeholders due to perceived negative impacts. The most popular tourist resort towns have seen much non-local property investment as second homes or holiday accommodation, with local people increasingly outpriced in terms of being able to buy or rent private homes, and other issues of 'over-tourism'.

5) City Deals and Regional Partnerships, and Corporate Joint Committees – is there more that can be done in the regional economic development space to help regenerate towns in Wales or do these arrangements run the risk of making things more complicated than they need to be.

The nature of town centre regeneration means that the vast majority of the delivery work involved needs to take place locally, but there are some aspects of it that need regional and national planning and co-ordination.

The North Wales Regional Regeneration Officer Group (RROG) has met monthly since 2018. It includes the lead regeneration officers of the six local county authorities and Welsh government regeneration managers for the region. This group oversees the planning, awarding and expenditure of the circa £8m annual regeneration budget allocation by WG to North Wales, and the preparation and review of a regional regeneration plan. It also addresses common issues and opportunities, shares and develops good practice, and is an effective mechanism for continuous review and improvement of the policy-funding-delivery interface. The group provides practical and effective regional co-operation arrangements, with political input sought when required.

The RROG appears to be a good model for achieving effective regional co-operation at low cost, and any significant change to it (such as bringing urban regeneration under a CJC) would risk harming this working arrangement and the creation of needless extra bureaucracy and cost.

Our regional economic partnership has a focus on other matters and has been happy for the RROG to lead on town centres. As some officers attend both they have been able to make any required linkages. The regional economic partnership is now involved in the UK- SPF regional investment plan and other new UK Government funding matters. Given that town centre regeneration is a priority for many of the new UKG schemes, the RROG has agreed to request a discussion with the economic partnership on the best way to work together on this.

Senedd Cymru

Y Pwyllgor Cyfrifon Cyhoeddus a
Gweinyddiaeth Gyhoeddus

Adfywio Canol Trefi

Ymateb gan Un Llais Cymru

Welsh Parliament

Public Accounts and Public Administration
Committee

Town Centre Regeneration

Evidence from One Voice Wales

One Voice Wales submission to the Public Accounts and Public Administration Committee inquiry into Town Centre Regeneration September 2022

1.0 Introduction

One Voice Wales is recognised by the Welsh Government as the national representative body for community and town councils in Wales. It represents the sector on the Local Government Partnership Council and over 89% of the 732 community and town councils are in membership, with numbers growing year on year. As well as our representative role, we also provide support and advice to councils on an individual basis and have previously launched, with Welsh Government support, a modular training programme for councillors. We believe strongly that community councils are well-placed to develop the economic, social and environmental well-being of the areas they serve and, as such, are active and proactive in debating key issues such as energy policies, environmental issues and strategic planning. Our sector is therefore well placed to contribute to a successful future nation, building community and public services from the bottom up.

One Voice Wales is delighted to contribute to the Public Accounts and Public Administration Committee's inquiry into Town Centre Regeneration. The response has been co-ordinated and written by Mr Lyn Cadwallader, Chief Executive of One Voice Wales. He has represented the Community and Town Council sector on the Ministerial Towns Action Group since June 2020. Our response to the 5 broad areas identified in the Committee's terms of reference:

- **National Policy and legislation that is critical to the regeneration of towns to enable them to thrive and survive** – determining whether the legislation and Welsh Government's policy levers for regeneration are fit for purpose and focus on addressing the underlying problems facing towns. In particular, the Committee wishes to look at planning policy and the Welsh Government's Town Centres First policy.

- **Creating and sustaining local coalitions of change** – how local authorities and their local partners, including citizens and service users, are managing and regenerating towns in Wales and considering whether local authorities and their key partners have the right skills, leadership, resources, buy-in and capacity to regenerate towns.

- **Non-domestic rates, town centre incentives and taxes** – non-domestic rates are seen as a burden on small businesses, but they also generate £1 billion for public services in Wales

and are vital to the financial health of local government. The pandemic showed that local authorities working flexibly in developing incentives was critical to helping town centre businesses survive. What is there to be learned from the pandemic that can shape responses going forward.

- **The availability, management and impact of Welsh and UK Government funding for town centre regeneration** – assessing how well money is being used to regenerate town centres, and whether this represents value for money.

- **City Deals and Regional Partnerships, and Corporate Joint Committees** – is there more that can be done in the regional economic development space to help regenerate towns in Wales or do these arrangements run the risk of making things more complicated than they need to be.

... are set out below.

2.0 Background

Towns face significant environmental risks on top of the economic and social issues they have been facing for some time, including the recovery from the ongoing impact of the coronavirus pandemic and now the need to respond to the impact of the increase in the cost of living. Recent reports and through One Voice Wales involvement in the Ministerial Towns Action Group have highlighted that the challenges facing town centres is a complex set of issues which have been evolving over a few decades. These include:

Economic Challenges

- Town centre dereliction has become more common and is most obvious in vacant premises and buildings.
- Considerable amount of vacant and unoccupied space in and around town centres are often owned by distant organisations and individuals (and there can be issues in identifying ownership).
- Even where buildings are occupied, much of the revenue or value created from them are not felt locally due to the nature of the ownership and/or occupied use.
- The changing nature of economy/practice through the rise in online activity has comparatively increased the cost structures of operations in town centres.

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- The move away from town centre living to out-of-town developments and the subsequent move of services and commercial activity.
 - Town centres (especially larger ones) are comparatively difficult and more complex and expensive places in which to develop and operate either commercially or non-commercially.
 - Out-of-town operations benefit from operating and development costs cheaper than in town centres, and their ease of operation on purpose-built sites also reduces costs and improves corporate or organisational performance.
 - Lack of diversity and over-reliance on some sectors or uses which in turn has reduced town centre footfall and reasons to visit.
 - Government funding has been short-term and limited in comparison to the scale of the problem.
 - Capital-only led investment often leaves organisations struggling due to the lack of revenue to get going and survive the initial years.

Environmental Challenges

- Flood risk is increasing and is expected to increase further. Sea level rises and increased river flows are causing changes to what we know to be areas at risk of flooding. There's no avoiding the fact that many of our town centres are vulnerable to flooding, as they're located along rivers or on the coast. This can mean difficult decisions about whether development and regeneration in town centres the responsible thing is to do.
- Increased risk of flooding will have associated impacts on water quality, as well as an increased chance of local overheating, the urban heat-island effect.
- In the construction or repurposing of buildings, thought needs to be given as to how the environmental impact of the building can be minimised, how the building will be used now and how it could be used in the future, building in flexibility and adaptability from the start.
- Consideration needs to be given to what will happen to buildings once they become redundant, e.g. can the materials be reused, or recycled.

- Important ecological resources, such as trees and green spaces, are increasingly being lost from the urban environment creating a biodiversity crisis in urban areas, with some of the species that used to be widespread becoming increasingly scarce.
- Reliance on the private car has resulted in the movement of many services and activities away from town centres, increasing distance to travel and privileging one mode of private transport.

Social Challenges

- A lack of local ownership and limited sense of local community and economy can impact the sense of place and reduce its interdependence and resilience, adversely affecting general social and economic wellbeing.
- Some parts of town centres can be hard for people to access and navigate, may not encourage interaction and are not necessarily pleasant or safe spaces, with a lack of greenspace and other more social settings with streets dominated by traffic.
- Reliance on the private car has resulted in the movement of many services and activities away from town centres, increasing distance to travel and privileging one mode of private transport.
- Perceived lack of compelling reasons to visit which creates a 'disappointment/disillusionment' with some towns and town centres – some people and communities feel their town centre has little to offer them, commercially, socially, environmentally e.g. green space and culturally.
- Lack of engagement with or 'ownership' of the town centre - some people and communities feel a sense of distance from their town centre, the businesses, organisations and spaces it contains.
- Some local communities do not feel part of the decision-making around their towns with changes being “done to them”.
- Town centres are seen by many people and local communities as relational places where, people hang out, meet friends, take in cultural events, engage in voluntary activities, use local services as well as shopping – some people and communities feel that the decisions about their towns are too focused on economic transactions.

3.0 Supporting Town Centre Regeneration – a Welsh Places Charter

As a response to these challenges set out above One Voice Wales would like to bring to the attention of the Public Accounts and Public Administration Committee a piece of collaborative work undertaken during the early part of 2021 and shared with all political parties in advance of the Senedd elections 2021 – a Welsh Places Charter which, if implemented, could support town centre regeneration.

The charter was created by the Welsh Places Influencing Group. One Voice Wales was part of a coalition of organisations, practitioners, and academics passionate about creating a Wales in which people’s social, economic and environmental wellbeing is at the centre of our communities.

In order to achieve this vision, the Charter sets out a number of policy recommendations which we think are critical for the Welsh Government to prioritise.

The covid-19 pandemic has exposed and accelerated problems that have long been embedded in our communities. Our town centres are struggling in the wake of declining retail sales and lockdown restrictions, and this has a knock-on effect on the environmental, economic, social and cultural well-being of Wales.

It is clear that the way in which we live, and work will not be the same as we move towards recovery, and big questions need to be asked about what we need to do to ensure that our places can not only recover but are thriving and resilient.

We believe that the answers to these questions lie within our communities, and throughout this Charter we set out a vision for a Wales where more economic power is returned to local citizens, and it is the norm for people to have a greater say in how they shape their communities.

When we talk about community, we mean a community of place and the people that live and work in that place. It is important that all communities of place are welcoming for those from diverse backgrounds and with protected characteristics, and that planners and place-based community leaders should focus on creating inclusive environments for all.

In order for Wales' places to build back better from the effects of the pandemic and economic shutdown we need to see power redistributed back to our communities.

Communities should have

- the tools to better understand their area
- the voice to represent their needs to decision makers
- the means to make a change in the places where they live and work.

The pandemic recovery presents an opportunity for us to design communities that work for people and foster health and wellbeing.

Places should:

- be co-designed with and for the needs of all people living and working there
- be well connected and promote opportunities for social interaction
- provide access to jobs, services and facilities for people
- celebrate their culture and identity

We believe that this can create a lasting impact by improving the physical environment and creating sustainable and vibrant town centres that are focused on supporting people's wellbeing.

Strong Local Democracy

The pandemic has shown us that crisis response is often best managed at a local level, yet the infrastructure is not currently in place to empower people to play an active role in shaping where they live and work during normal times.

To make this a reality, the Welsh Government should:

1. Introduce a Town and Community Council Development Fund. This would fund development officers to enable the creation of new town and community councils and support existing councils to improve how they contribute to their own local priorities.
2. Create a grant to support local authorities to introduce deliberative democracy tools such as participatory budgeting and citizens' assemblies, in order to give communities a stronger voice in local democracy.
3. Introduce a Community Enabling Fund for communities to scope and design project proposals which will help them build back better after the pandemic. This fund would support communities who often don't have the capacity to focus on bid writing and development.

4. Provide multi-annual funding frameworks for communities that are not tied to electoral cycles, and that commit to both capital and revenue funding. This would alleviate the risk of a 'cliff-edge' for projects when governments change.
5. Treat data as an essential service. Improving the collection and presentation of data at a community level would in turn strengthen the evidence-base for informed local decision making.
6. Commit to decisive measures to promote diversity. Collect and publish diversity data and establish a far-reaching Access to Elected Office Fund to include support for people from diverse backgrounds or with protected characteristics. This should include local government and town and community councils, as called for in [ERS Cymru's - A Manifesto for Democracy](#).
7. Introduce mechanisms for communities to have a greater say in decisions about land use, for example enabling Community Asset Transfers, learning from The Community Empowerment (Scotland) Act 2015.
8. Establish a national programme for plural ownership. The next Welsh government should commit existing and new business development resources to develop and grow cooperatives, community businesses and social enterprises.
9. Support improved community engagement in the planning process by creating a participation framework as a baseline for planners to engage with communities:
 - increasing capacity in local authority planning teams
 - ensure effective mechanisms for digital engagement
 - improving accessibility and availability of information about planning for groups who typically do not engage in the process

Wellbeing communities

The pandemic has highlighted the challenges for town centres across Wales, many towns are struggling in the wake of declining retail sales, lockdown restrictions, and changes in consumer behaviour. The recovery presents us with an opportunity to evolve our high streets and to support them to become places where people live, work and spend leisure time, as well as shop.

The Welsh Government should:

1. Stop urban sprawl by maintaining a town first approach as called for in [RTPI Cymru's - Plan the Wales we Need](#):
 - Ensure all town centres have a vibrant mix of retail, work, and leisure spaces
 - Continue to move homes into town centres, in a way that doesn't compromise their commercial development and viability. These homes should be high-quality, affordable, and built to the highest zero carbon standards
 - Include a focus on repurposing vacant properties in town centres in order to support community resilience and environmental sustainability.

The planning system should:

2. Continue to support the placemaking principles outlined in the [PlacemakingWales Charter](#) by:

- Creating towns that put people first by making 20-minute neighbourhoods a central principle in local planning, transport, health and economic policy
- Support initiatives that improve access to green space, and bring green infrastructure and nature into town centres
- Encourage the re-establishment of community facilities into town centres such as libraries, information points and health centres
- Support the Welsh language and our heritage by integrating policy areas and encouraging better collaboration between linguistic and spatial planners. This would enable local planning authorities to take account of the Welsh language in land use decisions
- Prioritise and invest in sustainable transport to high streets by integrating walking and cycling with the wider public transport network, and ensuring it serves all users equitably

- Establish an arts and culture programme for towns in Wales which supports local creative practitioners, organisations and communities to work together to develop local cultural strategies.
- Create town centre incubators: Encourage affordable flexible spaces for pop-up uses on a temporary or seasonal basis, or for local seed ideas to be tested

3. Introduce a Future of Welsh Towns Fund. We support the Federation of Small Business Cymru's recommendation to create a [Future of Welsh Towns Fund](#) that would help every town in Wales create a strategy for its future.

4. Support The Rural Vision's call for a "Smart Towns Initiative" to establish a fund to ensure every town in Wales enjoys improved access to digital infrastructure. This initiative should support towns and local businesses to use digital technologies to deliver services and support local businesses.

4.0 Town Partnerships – A Community Planning/Town Centre Regeneration Model for Wales: Developing a framework for sustainable place improvement and governance

This part of our submission to the Public Accounts and Public Administration Committee explores the opportunity for discussion on a new way of working across and between public sector organisations, the Third Sector, and local businesses for providing a method to translate Welsh Government Policy intentions around improving approaches to collaborative working, sustainable development and local governance into manageable practice at a town centre level and offers a way of collaboration that implements a Future of Welsh Towns Fund. There continues to be an understandable and welcome focus of the importance of 'place' in helping frame Welsh Government Actions to support the development of sustainable communities. All levels of government are challenged with 'doing more for less' to reduce

inequalities in life experience and improving service responsiveness to meet increased user expectations.

Experience of current, previous and pilot programmes such as Communities First, Vibrant Places and Cynefin highlight the vital position of any targeted actions being located within a clear framework of an area wider needs and, importantly, securing the widest network of collaboration in making a difference to local prospects.

The adoption of the Well Being of Future Generations Act with the requirement for the production of Local Well Being Plans and wider Public Service Board membership will further encourage development of holistic, sustainable approach to tackling local needs, better linking the distinct goals for wellbeing set out in the legislation. Bringing the significant impact of the Act to life at a level where it can be seen to be making a difference to people's everyday lives will be vital. Additionally, the Planning Act and Environment Act introduce the potential for new thinking about locality and place in a more integrated way.

Locality and Place

Identity with a locality is a really significant driver for delivering or discouraging effective collaboration. Having a shared, identifiable understanding of local needs and feeling able to influence local improvement are vital to engaging collective action to make things better. With the potential for increasing regional structures the need to identify an effective method of harnessing a rational, inclusive method of determining local priorities and giving voice to all parts of civil society becomes self evident.

A Proposed Approach

We feel that in this time of significant challenge for public service delivery and potential structural change at the regional level there is a need to test potential models of securing more collaborative place governance. Such an approach would seek to bring together community and town council, local third sector organisations, businesses and communities.

One model that has been tested is the 'Whole Place' approach – indeed more recently some town and community councils have identified that undertaking a comprehensive needs assessment and consultation around community needs, using this type of model, might represent a good way to set out their response to the new duty placed on them by the Well Being of Future Generations Act. For example, Penarth Town Council has developed a Place Plan for their area in recent years.

Collaboration for Connected Places

There is an opportunity to set out the basis for a stronger partnership between community and town councils, the Third Sector and local businesses combining the democratic perspective of elected representatives and the active participation of the voluntary groups and local organisations.

There is a growing opportunity for the Third Sector and local businesses to work collaboratively with Community and Town Councils, particularly in increasing community engagement and delivering the goals of the WFG Act. There are some good examples of the efforts to build local links such as through GAVO, the Gwent CVC, who recently ran a programme to support the transfer of assets to the community which has involved councils in Gwent.

In short there is opportunity to turn the existing community planning system on its head and build from the bottom up as opposed to the top-down policy models which have been dominant. In simple terms it is putting the focus on community led plans designed to meet local needs. This approach would complement the top-down strategic structures by providing a mechanism for harnessing the skills and capacity at the very local level. 10

The former Future Generations Commissioner in coordinating the national conversation on the Wales We Want recognised the feeling of disconnect from decision making, the lack of engagement between the community and the decision-makers - particularly evident in the views of young people. Community leaders who are passionate and ambitious about the success of their communities reported on their successes but also their feelings of frustrations, isolation, and the dangers of burn out due to the challenges of the system. It was response like this which led to the principle of citizen involvement being key in the new Wellbeing of Future Generations Act.

There are local examples that point the way forward. The Llanelli We Want has developed into an important model, led by the Town Council establishing the Llanelli Community Partnership and connecting the various voluntary sector developments across the town. Such initiatives highlight the potential of a joined-up community-led approach that is based on local needs and priorities, connecting the separate funding streams and independent approaches of different organisations to focus on “pride, place and people.”

This is mirrored by the Place Plan led by Llanelli Rural District Council and the community development work of the “big 6” town and community councils across Carmarthenshire; who are now working closely with the County Council in the Wellbeing Assessments and plans required by the Public Service Boards under the WFG Act. It is the perhaps the beginning of a recognition that area town and community councils have a better sense of what is needed.

The role of the democratically accountable body is critical in all these models - there has to be this connection between participative and democratic action. It involves best practice in place planning, with citizen involvement – not easy and needs both hard yards and some degree of expertise – in creating locally owned visions, building on local assets, establishing practical projects and programmes, which leverage the local precept.

This should be the preferred model that should be supported by funders - Big Lottery, Foundations, Business and Government going forward. We need less of the top down national programmes parachuting into local communities on short term contracts and more support for community led projects that can meet local needs for the long term.

This builds on the best practice of local Community and Town Councils where there is:

- Involvement of local people – led through a Community Partnership – in setting a long term vision, identifying local needs and priorities for improving community wellbeing
- To shape the local place plan, which provides the basis for the investment of the precept and focus for volunteer action
- And the platform for funding bids to external bodies such as lottery, foundations, business and other public sector sources

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- With annual reporting back on progress

The importance of building strong local resilient communities was at the heart of the Wales we Want – where there is greater local energy production and consumption; more local food production, and where more money circulates within the local economy with social businesses playing a key role in meeting local needs - enabling economies to be built on local assets, localising supply chains and supporting local entrepreneurship and giving the key role to local communities in respect of natural resources and the importance of local green space.

The opportunity is clear - that One Voice Wales, WCVA, Federation of Small Businesses and a range of sector support providers have a key role to ensure that we can maximise the benefits for our communities, through:

- Putting support for a place-based community planning model approach at the heart of our strategies
- Increasing scale and impact of social action through volunteering – particularly through engaging young people
- Building the capacity and skills of those community development coordinators and community leaders working on the front line
- Ensuring funding streams are better focussed and linked to local priorities
- Post Brexit models Post Community First and are based on best practice of community led development

We know there is not a one size fits all approach but in general, communities succeed when they are in control, as this sense of ownership increases participation, improves prioritisation of local problems, creates community spirit and builds trust and a belief in the delivery vehicle for community change.

What is a Town Partnership Plan?

A Town Partnership Plan will be 'holistic' or comprehensive in scope. They should set out a vision for how a community wants to develop, and identify the action needed to achieve it. They can include everything that is relevant to the people who live and work in the community from employment and playgrounds to the design of new buildings and protection of the local environment and heritage to tourism and youth and older persons support. They can include any social, environmental or economic issues. Importantly it will be upto the community to decide what is important to them.

Town Partnership Plans will have the potential to influence a wide range of organisations and processes which affect the lives of communities. They should complement and help deliver local planning policies and frameworks but they cannot override adopted planning policy. They should influence local housing and land management strategies. They should also contribute to the way local services are managed and delivered.

A Town Partnership Plan will provide a statement of how the community sees itself developing over the next few years. It: 12

- reflects the views of all sections of the community;
- identifies which features and local characteristics people value;
- identifies local problems and opportunities;
- spells out how residents want the community to develop in the future;
- prepares a plan of action to achieve this vision.

Who decides?

The Town Partnership Plan gives everyone a chance to say what they think about the social, economic and environmental issues affecting their community, and how they'd like to see it improved in the future. It is important that the whole community is involved in producing the plan, not just those people who usually come along to community or town council meetings. The vehicle for the commissioning and delivery of the Town Partnership Plan would be via a Community Partnership with representation from the community or town council, third sector and local business plus co-opted individual with specific skills to support the partnerships work.

What's it leading to?

The Town Partnership Plan needs to consider local problems and opportunities as a whole. It makes the links between these issues and sets out a broad vision for the future – where the community or town wants to be in 5 or 10 years time. But achieving this vision will require action. This includes both:

- action which the community or town itself proposes to undertake;
- policies, decisions and action carried out by other bodies which the plan might influence.

What does the plan look like?

There is no standard format for a Town partnership Plan and no prescriptive list of the subjects it should address. It is up to the community to set out its vision, decide which issues it would like to tackle, agree priorities for action and present the information in a way that is interesting and attractive to everyone.

A practical way to present the plan could be in two parts:

- A detailed report explaining how the consultation has been carried out and conclusions drawn. It could take various forms, including photographs, documents, sketches or even a video.
- A succinct Action Plan clearly setting out what needs doing, when, why, by whom and at what cost.

Hasn't this been done before?

Many community or town councils have had experience of producing a community-led action plan such as Penarth Town, Llanelli Town Council and Gwernymynedd 13

each with their own approach – but not necessarily working collaboratively with the third sector and local business to develop a jointly agreed approach to address local needs. A Community Plan will bring all this together and create a basis for action in future. But as stressed above collaboration will be key - it is important to review and consult the whole community to make sure the issues and actions identified in previous surveys are still relevant, especially if previous action plans were produced many years before.

Summary

- Town Partnership Plans will be local, action-based plans which address a range of problems and opportunities affecting local communities.
- They can include social, economic and environmental issues.
- The whole community should be involved in producing the Town Partnership Plan, with the community or town council taking lead responsibility for organising, resourcing and supporting the establishment of local 'Community Partnerships'.
- The Town Partnership Plan must be consistent with related policies set out in the local authority's planning documents and local strategic partnerships ie the Public Service Board Local Wellbeing Plans
- The plan should be based on information provided through survey, research, consultation and community participation.
- A grant to assist with the production of Town Partnership Plans should be made available from Welsh Government. Advice and help with producing the plan and involving the community would be resourced from the community or town council.
- Community Plans should identify actions which can be taken forward by the community or town council, by other individuals and groups within the community, local businesses or by other service providers and statutory bodies via a 'Community Partnership'. These should have a clear focus on Who? What? Why? How? When?

One Voice Wales Town Centre Regeneration inquiry response – further comments

Policy and solutions fallen short

Town centre regeneration remains a national priority, but the Welsh Government's 'town-centre-first' policy is not yet fully embedded and at the present time has fallen short of addressing the many problems in our town centres. National and local government need to deliver integrated local solutions and make brave decisions going forward.

Skills and Capacity 14

The impact of ten years of austerity and reductions in local government funding has seen depletion in regeneration capacity and skills. Given this reduction in capacity, local authorities need to work more closely with a broad range of partners; the wider public sector, housing associations, the third sector, and Community and Town Councils, especially where their intervention might be of a smaller scale or plays to a specific set of skills and/or responsibilities.

In terms of the specific terms of reference headings:

National Policy and legislation that is critical to the regeneration of towns to enable them to thrive and survive – *determining whether the legislation and Welsh Government’s policy levers for regeneration are fit for purpose and focus on addressing the underlying problems facing towns. In particular, the Committee wishes to look at planning policy and the Welsh*

Whilst the Audit Wales Report does a good job of reminding policy makers of the dangers of relying on the recent past in terms of vision; its main message is the weak institutional/organisational platforms presently in place to implement policy. In terms of a more holistic view of the variety of policy response needed the Welsh Governments’ own “A Better Wales” does a better job of indicating the paradigm shift needed in terms of vision and the policy implications. Without however addressing specifics of the arrangements/models for policy implementation and the repurposing of town centres. As the Minister says in the Introduction-

“This cannot be done by us working alone. The development industry, local planning authorities, public bodies, the third sector and the Welsh Government, need to work together to achieve this, recognising that change is needed.”

Whilst A Better Wales scopes the areas to address it does not cover technical detail and the need to apply measures in a coordinated way. Some clues to the policy adjustment necessary, involving Planning Input, can be seen in the UK Levelling up Bill e.g. Supplementary Plans, commencement and completion notices and CPO regeneration rationale.

Creating and sustaining local coalitions of change – *how local authorities and their local partners, including citizens and service users, are managing and regenerating towns in Wales and considering whether local authorities and their key partners have the right skills, leadership, resources, buy-in and capacity to regenerate towns.*

Audit Wales report indicate the series of funding initiatives since 2014. After an initial attempt at partnership working in 2014 a series of alternative funding models were attempted. Effective partnerships may have been sustained in only a few towns in Wales, for example Llanelli. Despite the relative initial failure of a funded partnership model, Audit Wales is very clear about what is required - collaboration among elements of the Local Community working together and the need for Leadership eg Town Partnership model. 15

Local experience suggests that the pandemic signalled the need for change for effective Place Making ie the potential for Town Partnership models as set out above. It also meant the redirection of staff to administering furlough and other emergency measures. This redeployment underlined the chronic shortage of regeneration\planning staff if the holistic fine grain work anticipated here is to have an chance.

Audit Wales besides pointing to the leadership role of principal Local Authorities, identifies existing platforms through which the wider local community might be engaged. Place Plans and BIDs. The two are not mutually exclusive. One Voice Wales view is that Town Partnership models as set out above provide a vehicle for town centre regeneration.

The availability, management and impact of Welsh and UK Government funding for town centre regeneration – assessing how well money is being used to regenerate town centres, and whether this represents value for money.

Wales Audit report highlights the variety and time limited funding streams from 2014.

It follows from the above that funding should respect the variety of local circumstances and that rather than found specific captial schemes or approaches it funds a partnership who determine priorities based on a place making commitment, recognising the pressures identified in the various reports and the need for change.

City Deals and Regional Partnerships, and Corporate Joint Committees – is there more that can be done in the regional economic development space to help regenerate towns in Wales or do these arrangements run the risk of making things more complicated than they need to be.

Additional guidance should be issued to the CJC's to ensure that their exiting Committee membership has the expertise to support Town Centre first approaches to regional development. Failing this they use their co-option powers to install that expertise on the Committee. Relying on an expert advisor arrangement would be insufficient although probably also necessary.

Senedd Cymru

Y Pwyllgor Cyfrifon Cyhoeddus a
Gweinyddiaeth Gyhoeddus

Adfywio Canol Trefi

Ymateb gan Grŵp Pobl

Welsh Parliament

Public Accounts and Public Administration
Committee

Town Centre Regeneration

Evidence from Pobl Group

Dear Mr Isherwood MS,

Town Centre Regeneration

We very much welcome the opportunity to contribute to the Inquiry into town centre regeneration in Wales.

We recognise the important role which town and city centres play within our communities and the scale and pace of change by which virtually all of them are being affected.

Our response is based on our extensive experience of town and city regeneration projects which include:-

- Vibrant & Viable Places (VVP) – Pobl delivered over 160 new homes under this programme
- Pillgwenlly Partnership
- Penderi Energy Project
- City & County of Swansea Strategic Sites
- Social Housing Grant funded regeneration projects

The Audit provides an excellent summary of the current situation and how we have arrived at this point and the challenges which affect the delivery of regeneration projects. We will briefly comment on a number of these later in our response.

It feels important to start with some views on what we consider to be the role of towns and cities within our communities.

The audit includes lots of useful information and Exhibit 6 is of particular interest in demonstrating some of the diversity of uses which already exist.

The audit reflects on sentiment from some quarters that there will be quite a significant return to pre-pandemic uses in some locations. We believe that this is very unlikely and that the reduction in retail will continue, and this is something which needs to be accepted and embraced to allow local authorities to embark on a meaningful vision of the future use with local stakeholders. As a significant owner of office space we also see how this use has been hugely impacted by the pandemic. We are keen to hold onto a proportion of our office space as we increasingly seek to promote and encourage the business and wellbeing benefits of collaboration in a physical space. However, we know from robust survey data from our colleagues that there has been a dramatic change which will not reverse to the pre-pandemic approach.

Even though the Audit was only issued in September 2021, circumstances have changed dramatically in the intervening period with the serious impact the massive hikes in energy prices will have on so many of the businesses in our towns and cities and beyond.

Exhibit 6 may surprise many in terms of the extent and proportion of residential use which already exists in so many town centres.

As a housing provider we see the opportunities which the expansion of this use can provide, if approached in the right manner.

Before looking at the expansion of the residential offer in more detail we would also comment on the relatively small proportions of community and leisure uses in the table. We would support and encourage growth in both of these areas. We agree with the policy driver of town-centre first in terms of 'non-digital' public services.

We also feel strongly that the leisure offer should be expanded and a key element here is the quantum and quality of the public realm and particularly green infrastructure and pedestrian and cycling linkages. This activity should focus on maximising the specific characteristics which make many of our towns and cities unique. Examples such as Swansea's desire to reconnect the city centre with the coast. The greening of the Kingsway in Swansea is another good example. On a much smaller scale we were also actively engaged with WG and Caerphilly CBC in regeneration activity in Bargoed which saw buildings demolished to improve legibility to parking and other facilities.

Increasing the residential offer:-

- Current pressures - homelessness, Ukraine – speed of response offered by repurposing existing assets.
- Challenge is avoiding a situation where we have an over-concentration of 'people in need' in our towns and cities (Swansea's city centre living allocation policy is a good example in seeking to provide a balance by giving a degree of priority to people working in the city who are unable to afford market rents).
- The Swansea example also assists with the need to encourage more economically active people to live in our towns and cities.
- Creating more opportunities for families to live in town and city centres.
- Supported living opportunities which promote independence.
- Owner options feel challenging on conversions with complications for leaseholders. Newbuild helps with these options and particularly the use of a robust shared ownership offer which provides protection in terms of overall affordability by controlling service charges. Pobl's shared ownership offer has helped numerous people onto the property ladder, people rightsizing or starting over after a relationship breakdown.
- Major benefit in sustainability terms of re-utilising existing resources but combined with the technical challenge and cost of achieving near net-zero.
- Consider incentives such as 'minimum heat guarantee' as planned in Pillgwenlly. The principle of 'minimum heat guarantee' proposes to include the cost of heating the home to 18°C from 6am to 10pm as part of the rent, and to 16°C overnight from 10pm to 6am. The cost of the energy to achieve this would be met by the landlord, health and/or by wider government but from a residents' perspective the basic level of heating is inclusive within the cost of their housing. The resident then pays for any optional uplifts from that minimum level of heating to whatever levels they wish to heat their home to. This division of "basic heat" from optional uplifts is possible due to more sophisticated metering within the home. This possible though installation of Intelligent Energy System (IES). If applied to city centre residential quarters could this model of affordable city centre living be persuasive for those considering a change in lifestyle or living experience. Notwithstanding the obvious benefit to health, education, and property.
- The flexible and pragmatic approach to standards which WG have set out for consultation under the Transitional Accommodation Capital Programme (TACP) provides a practical way forward.

-
- There are also new approaches emerging under TACP which will benefit the regeneration process – these include an acceptance that some funding will facilitate a shorter-term use but with a recognition of further financial support for re-purposing further down the line and/or assistance with risk management on other options if for example disposal is considered the best solution. The latter point could be because of the dynamic way in which use and demand will continue to evolve in our towns and cities.
 - TACP also appears to recognise the importance of revenue funding associated with some of the interim uses where greater support will be required for residents.
 - The audit recognises that lack of evaluation of previous regeneration activity. Pobl can help in this regard by surveying the numerous residents we have helped to live in our towns and cities plus working with stakeholders to gather wider impact data.

We have appended a small number of cases studies to our response and the following help to demonstrate the impact of increasing the residential offer in towns and cities:-

- Central View, Newport
- Orchard House, Swansea
- Biophilic Living, Swansea

During our extensive work on the above projects we encountered first hand many of the practical challenges highlighted in the audit and we would comment in further detail on the following:-

Programme periods & processes

While the VVP funding was impactful, the short time periods caused particular difficulties with regard to property acquisitions. Vendors were aware of the time periods and too often felt emboldened to hold out for unrealistic values. Their view on values were often not just a commercial position, there were many factors at play. For some they would have paid a price which was higher than achievable in what the current market was at that time, as demand had changed. There was also ineffective use of the levers which could 'encourage' owners to be realistic on price. The audit draws out the lack of enforcement activity in respect of property condition.

In conjunction with a stronger approach to enforcement there does need to be greater clarity on the financial assistance available to help owners consider their options.

We would also encourage the introduction of a property acquisition fund for Registered Social Landlords along the lines of the very successful Welsh Government Land for Housing scheme. There will have been learning from the VVP Programme in terms of processes and in particular the rigidity of the budget allocation process. Costs were often put together in short time periods with limited information. The process really struggled to adapt as projects evolved and costs changed. VFM is essential and that this a big driver in the above approach to property acquisition to allow the money to be spent on the conversion and not overpaying for the property. Also, in the current market we are seeing a volatility in construction prices which would have been extremely difficult to deal with under the processes employed for VVP. Conversion costs are going to be a major factor, not just due to the market but also increasing requirements in respect of aspects such as fire compartmentation and the Renting Homes Act and the Fitness For Human Habitation legislation.

Resources

This is definitely an issue for local authorities although we have seen really positive examples of joint working across departments to deliver major improvements.

At a practical level there are lots of areas which can be improved, the role of conservation officers is a good example. We absolutely support the preservation of the important heritage

within our towns and cities but the processes we too often experienced during VVP were far too long with a lack of pragmatism or responsiveness to programme pressures. Increased awareness of enforcement powers and in particular the potential use or ability to use CPO is welcomed.

Comments on the topics set out in the Inquiry letter

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

The key here is ensuring that the policy agendas are joined up and working towards a 'Placemaking' agenda. For example, if creating more housing in our town and city centres is part of the national plan then we need to ensure that the infrastructure is available to support that. This would include easy access to primary health care, transport links to schools, leisure offers and some retail. This is identified clearly in the Welsh Governments 'Town Centre First' plan, which now needs to be acted on in terms of incentivising local decision making. There is a need for longer term planning around the regeneration priorities by local authorities in a similar way to the requirements around creating a LDP for new housing supply. The plan needs to be specific to enable the targeting and prioritisation of private and public funding.

Creating and sustaining local coalitions of change

Our experience from two very large regeneration projects, Penderi and in Pillgwenlly, emphasises the importance of developing strong stakeholder relationships with shared, clear vision for the change that will work for that community/area. Stakeholders working proactively together with a 'shared endeavour' mindset with a willingness and determination to invest time, money and resources in making change happen.

Both projects have a Project Board made up of stakeholders from health, public health, police, housing and other agencies. Importantly, both Boards have representation from senior officers and members of the local authorities to ensure the commitment and leadership from the top. The purpose of the Board is to support the development and execution of the vision in partnership with the local community.

Developing the clarity around the vision is critical. A master-planning approach has been taken in both of these examples involving high levels of community consultation and input. The Penderi master plan has been appended for information. The master plan sets the overall vision and direction of travel from which the specific projects and investment proposals can be developed.

Taking a regeneration approach which merely focusses on 'problem buildings' does not deliver a coherent and sustainable regeneration proposition. There has to be a clear strategic plan to regenerate an area, high street or zone.

Non-domestic rates, town centre incentives and taxes

The use of fiscal measure to incentivise private sector investment is something we would very much support. Incentives which enable business owners to locate and remain sustainable in our high streets such as reductions in non-domestic rates, affordable energy guarantees, tax breaks to encourage investment in housing for letting by companies and individuals have proven highly effective in the past.

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

Pobl's town and city regeneration activity has been undertaken using VVP and Social Housing Grant. Although some of the VVP processes could have been more streamlined, we believe that it did have a major impact. It allowed us to progress complex, challenging projects which would not have been possible using SHG at that time. The SHG programme is constantly evolving and there are some very experienced members of the WG team who are now very well placed to manage an expansion of regeneration activity. Of course, this would require additional resources and support due to the size of the SHG programme and the extent of the

housing need and decarbonisation agendas it is seeking to address. The WG SHG team are also well versed in working with local authorities to identify strategic priorities. The future of regeneration funding also needs to build upon the progress which WG are making in more effective integration of housing, health and care funding and the recognition of the vital importance of revenue support in addition to the capital funding of projects. Funding for adequate resources within local authorities to progress the required regeneration activities will also need to be addressed.

Clarity over the quantum of funding to be ringfenced for regeneration over longer periods will support longer terms thinking.

As stated earlier we would also encourage the use of a version of WG's Land for Housing approach, which will support more timely acquisition of properties and land.

City Deals and Regional Partnerships, and Corporate Joint Committees

The success and prosperity of our towns and cities has to be a priority for the CJC's. This plays back to the need to ensure that policy and investment decisions are joined up and benefit local areas in a tangible way.

Some of the strategic shifts and asks that will facilitate progress:

- **Each local authority should have a 10-year plan, created in partnership, which identifies the regeneration priorities and plans for the authority. Acknowledging not everything can be tackled at once. Some authorities already have this kind of approach e.g. Swansea.**
- **WG to create the expertise to support LAs with their Local Regeneration Plans and the funding options, both public and private. Plus, the specific skills and expertise necessary to follow through with executing the vision. This is set out very clearly in the Audit Report along with the support which may be needed to exercise the enforcement powers which already exist.**
- **The Audit Report provides a comprehensive articulation of the challenges, the opportunities and critical role of LAs with a 4 'I's' approach (Intent, Involve, Inform, Intervene).**

Please let us know if you require any further details on any of the points we have covered in our response.

We wish you well with the inquiry and look forward to receiving further information in due course.

Kind regards

Appendices

Case studies

- Central View, Newport (Appendix 1)
- Orchard House, Swansea (Appendix 2)
- Biophilic Living, Swansea (Appendix 3)

Master planning example

- Penderi Energy Project (Appendix 4)

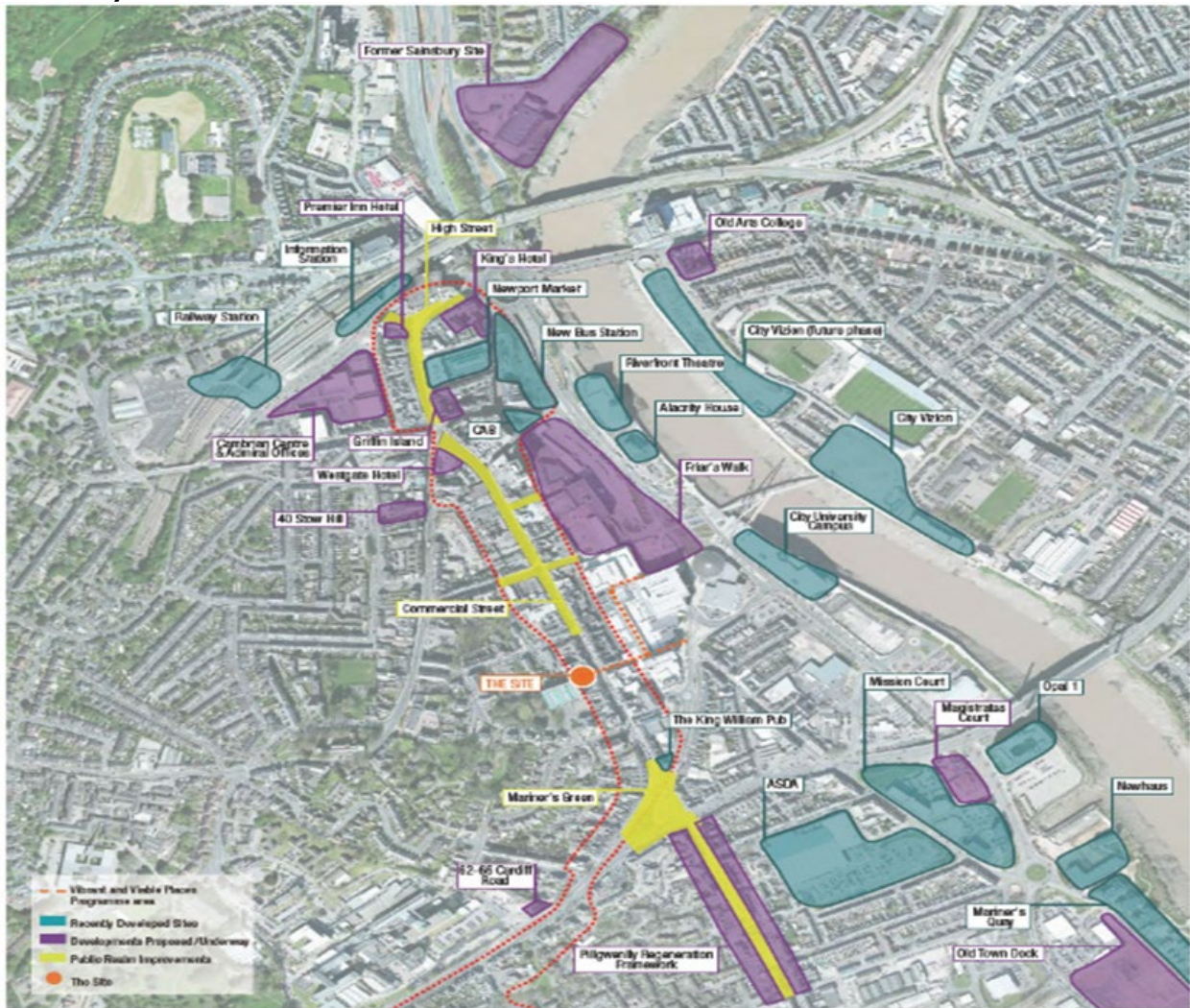
**Appendix 1
Case Study
Central View, Newport**



The Scheme

Central View is a newbuild development comprising 38 apartments for older persons in the centre of Newport developed via WG's Vibrant and Viable Places funding programme.

Site History



The lower end of Commercial Street in Newport is in great need of regeneration and links the current Friars Walk development with the High Street. Newport City centre has undergone considerable transformation and regeneration in recent years and Pobl's proposals for the development of 123-129 were integral to the planned work at the lower end of Commercial Street.

This area of Newport City centre was blighted with anti-social behaviour and drug users activity was very high.



The Vision

The redevelopment of 123-129 Commercial Street was one of the largest and most complex schemes within WG's Vibrant & Viable Places Regeneration Programme. As NCC and Pobl started on the journey to assemble this transformational development there was an acknowledgement that multiple funding streams would be required in the form of VVP and SHG. VVP alone has had a huge impact on Newport City Centre and 123-129 is seen as the most important of all the schemes which have been developed via this funding stream. Pobl underwent a complicated land assembly of the derelict properties through various avenues, including purchases from private owners through negotiation, auction and a compulsory purchase order which eventually resulted in a negotiated settlement. Pobl realised that there was a real desire for many older people to live in a quality, affordable safe environment close to all the facilities which are now on offer in the heart of Newport. The development is an iconic statement in the heart of Newport providing a mix of 38 one and two bedroom homes. Newport City Council and Pobl were absolutely convinced of the demand for these homes and the transformational impact this development would have on what until recently had been a neglected area of the City.

Pobl's commitment to creating a flagship, landmark building was clearly a major driver regarding the selection of materials, which are of a high quality. The initial capital investment in the external materials were not just aesthetic but they also respond to the whole life cycle costs associated with building.

The development also ties in with the proposed demolition of 68 – 72 Commercial Street, which sits directly opposite and sees the creation of public open space at Emlyn Walk. The roof top garden spaces and green areas that have been incorporated into our scheme and developed by a landscape architect have been designed to dovetail with the proposed public space opposite. Unfortunately, the Emlyn Walk development has still not started demonstrating the need for a comprehensive masterplan for run down areas requiring comprehensive regeneration.

Emlyn Walk – Existing



Emlyn Walk – Proposed



The development also includes:-

- Permeable screen to the front elevation, keeps the continuity of the streetscape
- Roof top gardens, internal and external community spaces
- Internal courtyard
- New entrance to Park Square car park
- Small commercial unit to the ground floor
- 19 Parking spaces
- Bike and scooter storage with charging points
- Wheelchair compliant homes

- Communal areas
- Guest suite
- Lift access
- Photovoltaic panels
- Sprinklers



Appendix 2

Case Study

Orchard House, Swansea

Orchard House occupies a key location in Swansea City Centre at the eastern end of the Kingsway which has been the focus for considerable investment by Swansea Council as part of the wider regeneration programme in the City Centre. Pobl purchased the building which was in a neglected condition and housed vacant office space on the upper floors and partially occupied retail units to the ground floor.

Pobl converted and refurbished the upper two floors of the existing building into new residential homes, together with building two additional floors of newbuild residential above. The refurbished building provides 52 affordable one and two bed apartments over the four floors. All homes are now all let at social rent, helping to meet the housing demands of the city. Importantly, the Council utilises a city centre living allocation policy which provide a balance of tenants by giving a degree of priority to people working in the city who struggle to afford market rents. The contract included the refurbishment of the externals of the ground and first floors. These floors have now also been refurbished internally by the head leaseholder. The project cost was £8m and was supported by Welsh Government and Swansea Council.



Appendix 3

Case Study

Biophilic Living Development, Swansea

The Biophilic Living development is a mixed-use scheme which is being developed by Hacer Developments. The project combines retail, commercial and residential space within the context of an Innovative Housing Programme funded scheme which introduces the concept of Biophilic Living to city centre housing. Pobl will be taking the residential element of the build which will comprise of 50 one, two and three bedroom apartments.

What is Biophilic Living?

Biophilic living means re-thinking how humans living in an urban environment can keep and improve their relationship with nature. The scheme explores ways of enabling the connection to happen by incorporating nature in space, creating natural analogues, and considering the nature of the spaces provided.

The project is designed following the principles of Biophilic Design aiming to restore people's connection to the natural world, improving environmental, human and economic health.

For the development, this means the incorporation of green spaces to a mixed use development in the centre of Swansea. The residents of Pobl's apartments will have full access to these spaces and the opportunity to become part of the Community Interest Company (CIC) that will be set up to manage them.

Tenure and mix of apartments

Pobl will be taking the residential element of the build which will comprise of 50 apartments.

34 x 1 bed apartments

12 x 2 bed apartments

2 x 2 bed Duplex apartments

2 x 3 bed Duplex apartments

All apartments are very generously sized and have private amenity space, the mix of one, two and three bed homes will make the development an attractive and exciting option for individuals, couples and families.

Financial Information

The cost to Pobl for these 50 homes is £7,229,886.09 and all residents will also benefit from the £4.65M in IHP grant which will fund the elements of biophilic design including a vertical green farm serviced by a soilless aquaponics system, roof top gardens and amenity space, planters for each residential balcony. The funding also covers the costs of the innovative technologies, which are used to store and reuse natural resources where possible, such as a PV system on the roof, heat pumps and battery storage to reduce the running cost for the building users.

Build and Programme

Demolition work started on site in January 2022, piling and foundations are now complete and work to the concrete frame will commence shortly. Project completion is programmed for Spring 2024.



Appendix 4

Penderi Energy

Supported by £3.5m EU funds from the European Regional Development Fund (ERDF) Pobl and Sero Energy are working together to deliver a renewable energy retrofit project. The ambition of the project is to go beyond technology installation and create a sustainable energy community that shares in the generation to enable lower bills for all.

The project supports innovation, from a transition to low carbon economy, through the integration of battery technology harnessing Solar PV generated power from within the community. With the addition of aggregated grid service capability, the scheme will meet the requirements for Smart specialisation. The investment priority for the production and distribution of renewable energy is the core feature through the Solar PV generation.

Market failure to deliver community based effective generation and storage stems from the prohibited cost of battery storage and until now the absence of aggregated grid services.

Working with Sero Energy, who through their energy management capability, will enable the project to become a virtual power station. It is this aspect of the project that is truly innovative and offers the most benefit to residents and the community.

The operation will contribute to the increase in community energy schemes in Wales by retrofitting 644 homes with solar PV and battery storage technology and in doing so will:

- Reduce energy consumption and thus CO2
- Create an aggregated network in the community that will provide equal benefit to the residents irrespective of orientation
- Reduce fuel poverty of households in one of the most deprived wards in Swansea in providing a low fixed monthly electricity bill
- Provide discrete monitoring service for vulnerable residents through energy use patterns
- Provide targeted training and employment opportunities for the community throughout life of the project
- Provide a community benefit fund that shares a proportion of the revenues from demand side response with the community
- Provide opportunity to enhance and strengthen the supply chain in the sector
- Anticipated to be able to demonstrate a degree of scale (e.g. greater than micro-generation and of benefit to entire communities, regions, or urban areas)

Within the wider regeneration ambition for Penderi there is a desire to embed energy efficiency as its unique selling point. Energy efficiency is also central to the wider ambition of **Penderi Regeneration** in which Pobl and Swansea Council are working in collaboration for this reason the operation directly seeks to demonstrate scale that goes beyond one community.

The proposal will support the creation of a scheme from which the community will benefit. It is envisaged that the development and implementation of a low Carbon strategy will be brought about as a result of the operation.

Table 1 – Result indicator and output indicators

				Cross Cutting Themes		
	Outcomes	Indicator	Target	Equal Opportunities	Sustainable Development	Tackling Poverty

1	Number of enterprises receiving non-financial support*	(No.)	8	X		
2	Number of enterprises supported to introduce new to the firm products*	(No.)	5			
3	Number of pilot projects completed	(No.)	1	X	X	X
4	Community energy schemes	(No.)	1	X	X	X
5	Number of homes fitted with PV systems	(No.)	437	X	X	X
6	Number of homes with installed battery systems, individual or communal	(No.)	644	X	X	X
7	Number of homes with Smart Meters, new thermostats and smart heating controls	(No.)	644	X	X	X
8	Reduction in imported energy (metered)	%	50		X	
9	Total installed PV Capacity	MW	1.4		X	
10	Total MWh of electricity generated (annual)	MWh	1,1000		X	
11	Total proportion of generated electricity used on site (annual)	%	60		X	
12	CO ₂ saved per annum	T	350		X	

1 3	Number of properties sharing generation as an embedded benefit within the community	(No.)	644	X	X	X
1 4	Tenant satisfaction (Construction Phase)	%	90		X	X
1 5	Tenants satisfaction (Operational Phase)	%	90	X	X	X
1 6	IRR requirements for equity investors (match funder)	%	10			

Working with our successful contractor Everwarm, 140 homes have received and are benefitting from technology installed to date, see <https://www.itv.com/news/wales/2022-08-26/the-community-going-off-grid-to-save-money-as-energy-bills-spiral>

Senedd Cymru

Welsh Parliament

Y Pwyllgor Cyfrifon Cyhoeddus a
Gweinyddiaeth Gyhoeddus

Public Accounts and Public Administration
Committee

Adfywio Canol Trefi

Town Centre Regeneration

Ymateb gan y Sefydliad Cynllunio Trefol
Brenhinol

Evidence from Royal Town Planning
Institute

Dear Sir/Madam,

Response to: Town Centre Regeneration Inquiry

The Royal Town Planning Institute (RTPI) is the largest professional institute for planners in Europe, representing some 27,000 spatial planners. RTPI Cymru represents the RTPI in Wales, with 1,300 members. The Institute seeks to advance the science and art of planning, working for the long-term common good and well-being of current and future generations. The RTPI develops and shapes policy affecting the built environment, works to raise professional standards and supports members through continuous education, training and development.

Thank you for the opportunity to respond to the above inquiry. The following response highlights the key planning issues in relation to the matters set out by the Public Accounts and Public Administration Committee in relation to town centre regeneration.

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

Determining whether the legislation and Welsh Government's policy levers for regeneration are fit for purpose and focus on addressing the underlying problems facing towns. In particular, the Committee wishes to look at planning policy and the Welsh Government's Town Centres First policy.

Town centres are vital economic, community and social hubs and are an important national priority for Wales, as set out in Future Wales: The National Plan 2040. Yet, we believe that Welsh Government and local government need to deliver more integrated local solutions to address many of the issues surrounding regeneration of our town centres.

The closure of non-essential businesses, as a result of the pandemic and the subsequent rise in people working from home for a least a portion of the week has had a significant impact on many high streets and town centres.

Several major retailers have gone into administration over the pandemic, while others restructured. However, industry figures during the pandemic show that local shops and independent grocery stores experienced a boost in trade, along with an increase in online grocery sales. Local innovation and adaption to circumstances in some cases offered rural dwellers, in particular, improved local options.

It is important to recognise the spatial distinctiveness of places in developing policy. Future Wales – the National Plan 2040, Strategic Development Plans (SDP) and Local Development Plans (LDP) can together facilitate an integrated approach with other areas of policy, linking decisions on economic development with those on housing, climate change, transport and other infrastructure, providing a spatial framework for investment at different scales across Wales, facilitating joint

working and maximising benefits on the ground. Place Plans can also add value at the local level for those communities which have them.

RTPI Cymru believes it is essential that a town-centre first approach is maintained by taking a holistic, plan-led approach to the strengthening of existing centres, which could be bolstered by the integration of high-quality homes, including affordable homes, a regular and affordable sustainable public transport system and active travel routes, and the repurposing of vacant commercial space for uses which support community resilience and environmental sustainability.

We note that independent research into town centres in Wales found, “the problem is not a narrow one of town centre regeneration after the decline of retail, but a broader one of towns in their car dependent hinterlands.” The research considered three towns (Bangor, Haverfordwest, Bridgend) and found that “despite their differences, all face the same problem that the business models of the main actors shaping our towns threaten to undermine delivery of Welsh Government’s new vision and the good intentions of local authorities”.

[\(Foundational Economy Research \(2021\) Small Towns, Big Issues. June. Small Towns, Big Issues: independent research report \(gov.wales\) pg4.](#)

Active travel provision and a regular, inclusive and affordable sustainable public transport system is a vital part of successful, thriving town centres. Active travel and public transport help deliver a range of benefits including reducing pollution caused by private car usage, reduces the need for large areas for car parking, provide health benefits from being active and reduces congestion with its economic negativity.

The recent resurgence of many district and local centres within urban areas presents an opportunity to increase active travel patterns of our communities in accessing key services closer to home, rather than a predominant focus on the provision of infrastructure and investment in and around centres at the top of retail hierarchies. A balance of investment is needed to be reached to sustainably enable the benefits of ‘shopping local’ to be maximised.

Policy and legislation needs to ensure that local authorities are supported to manage town centres and retail hierarchies in appropriate ways, and recognise that all towns and places are different and will require different approaches and policy. This will present challenges to local authorities and the communities they serve.

Resilience to Climate Change and Flood Risk

Inevitably, amongst the challenges faced by our town and city centres are those of responding and adapting to climate change. The locations of most of these centres are based on decisions that can be traced back through our history. Many have been located on flood plains at river crossing points, or in locations close to the sea, often alongside tidal estuaries. Many of these locations are now ones of growing risk of flooding from rivers and from rising sea levels, as identified by the new Flood Map for Planning. Many are within defended zones where they are dependent on flood defences to manage flood risks.

In this context, proposals for investment and regeneration in these centres will need to be carefully guided by planning policy. At the national level, Future Wales, The National Plan 2040 sets the context for development plans at the regional and local level. It identifies through Policy 1 a number of national and regional growth areas, each of which include city and town centres. It also sets out policies for shaping regeneration (Policy 2) and recognises the importance of public sector leadership (Policy 3). Of particular importance is the Town Centre First policy (Policy 6). However, all of these policies need to be set alongside Policy 8 on flooding, which emphasises: “The Welsh Government has a robust planning policy that directs development away from areas at risk of flooding.” The policy notes that parts of national and regional growth areas face flood risks, and that strategic decisions will be needed on the location of development. The Plan makes it clear that the feasibility and cost of protecting people and property in the short and long term will need to be fully considered in evaluating the case for enhancing existing defences. Close collaboration will be needed between professionals working in planning, regeneration and flood risk management to ensure that investment can be secured to sustain flood defences, where it is economic to do so.

The recent publication of the updated Technical Advice Note (TAN) 15 on Development, Flooding and Coastal Erosion (due to come into operation on 1st June 2023) provides important and more detailed guidance on the types of schemes that will be acceptable, and the requirements that will need to be met. It emphasises that while flood defences can reduce the risk of flooding, they cannot eliminate it. To maintain the viability of those town centres that are subject to flood risk, property owners will need to consider what measures they themselves can take to help to mitigate their risks. These measures can include flood resistance measures, minimising the amount of water that can enter a property, along with resilience measures that enable a property to be quickly brought back into use after a flooding event. Co-ordinated action to raise levels of flood resilience in a town centre can help to build confidence and ensure its sustainability for the future.

Creating and sustaining local coalitions of change:

How local authorities and their local partners, including citizens and service users, are managing and regenerating towns in Wales and considering whether local authorities and their key partners have the right skills, leadership, resources, buy-in and capacity to regenerate towns.

The Wales Audit Office in their 2021 report on Regenerating Town Centres in Wales, found that “overall, Welsh and local government have responded well to support town-centre businesses during COVID-19. The Welsh Government has also directly invested or levered in almost £900 million in the last seven years to help regenerate town centres. Despite this funding, town centres often struggle. Local authorities are the key public bodies to help regenerate town centres, but they often lack capacity and skills to deliver the sustainable regeneration needed. Powers that can help stimulate town-centre regeneration are not utilised effectively nor consistently” [Regenerating Town Centres in Wales \(audit.wales\) pg7](#)

In terms of the role of planning in this, it is vital that the impact of current resourcing and capacity is properly understood. Under-resourcing is a critical issue for planning in Wales. The Wales Audit Office, in their report on the Effectiveness of Local Planning Authorities in Wales (2019), found: “Despite the new legislation and heightened expectation on the contribution planning can make to delivering the aspirations of the Wellbeing of Future Generations Act, local planning authorities have seen a significant reduction in capacity and struggle to deliver their statutory responsibilities. Our analysis shows that all planning services – policy, development and building control – have, since 2008-09, seen significant cuts in expenditure with budgets having fallen by 50% in real terms, considering inflation. Net expenditure has fallen from £45 million in 2008-09 to £22.8 million in 2017-18. The biggest cut has been to development control budgets where spend has reduced by 59%.

“With less money to fund services, planning officer capacity is stretched and skills are decreasing in key areas of work. The number of trainees entering planning has fallen in recent years which raises concerns over the long-term sustainability of services. Despite these reductions in funding, authorities continue to subsidise services because the charges made by local planning authorities for administering and approving planning applications and building works does not reflect the cost of providing these services.” [The Effectiveness of Local Planning Authorities in Wales \(audit.wales\)](#) These findings were acknowledged by this Committee, in their report on the ‘[Effectiveness of Local Planning Authorities in Wales](#)’ June 2020 pg8.

Responding to a request by the Minister for Climate Change, RTPi Cymru is currently engaging with the planning profession in Wales to better understand the impact of these cuts and the emerging results are showing a service under extreme pressure.

RTPi Cymru believes, a well-resourced, plan-led, positive planning service offers an established and effective process to support a sustainable future for town centres in Wales.

However, the service is under pressure and scrutiny, with specialist resources under particular strain. While the planning system has tools available to support sustainable communities, the best of tools requires adequate resources to deliver the best outcomes and effective service delivery becomes a challenge with reduced resources and capacity.

Given the findings of the [Foundational Economy Research \(2021\) Small Towns, Big Issues research report](#) set out above, RTPI Cymru believes it is vital that all stakeholders work together towards a clear, shared vision for their town centres. There are also opportunities for local authorities to work more closely with a broad range of partners; the wider public sector, housing associations, the third sector and Town and Community Councils, especially where their intervention might be of a small scale or plays to a specific set of skills and / or responsibilities. The Audit Wales report on Town Regeneration [Regenerating Town Centres in Wales](#) identifies existing platforms through which wider local communities might be engaged, recognising Place Plans and Business Improvement Districts in particular (3.20). While we agree, these have played an important role, like other initiatives, they are not appropriate for all communities or situations. As with these and other initiatives, there are risks, such as engagement fatigue, conflicting priorities, or a disproportionate focus on key sectors of the local community etc.

Non-domestic rates, town centre incentives and taxes:

Non-domestic rates are seen as a burden on small businesses, but they also generate £1 billion for public services in Wales and are vital to the financial health of local government. The pandemic showed that local authorities working flexibly in developing incentives was critical to helping town centre businesses survive. What is there to be learned from the pandemic that can shape responses going forward.

While many of these issues are beyond planning, RTPI Cymru believes that a flexible approach, with geographically targeted incentives to suit the local area can help to renew struggling areas and town centre frontages.

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

Assessing how well money is being used to regenerate town centres, and whether this represents value for money.

Wales Audit Report [Regenerating Town Centres in Wales](#) highlights the variety and time limited funding streams from 2014 pg29. Funding and initiatives should respect the variety of local circumstances and support inclusive partnerships who determine priorities based on a place making commitment, recognising the learning from previous and ongoing initiatives. It is essential that any initiatives or funding put in place are designed in conjunction with the development plans for the area, to ensure an integrated approach.

Comprehensive monitoring and evaluation should be part of the funding package and the outcomes of this shared widely to inform future programmes and projects.

City Deals and Regional Partnerships, and Corporate Joint Committees:

Is there more that can be done in the regional economic development space to help regenerate towns in Wales or do these arrangements run the risk of making things more complicated than they need to be.

Regional spatial planning can positively support the economic performance of Wales through influencing factors that determine productivity, by defining the future role of key settlements and strengthening their interrelationships, by providing enhanced connectivity etc. Bringing forward SDPs at a regional level will enable planning and stakeholders to address the more complex regional spatial issues that cross boundaries and may require different responses across Wales. The SDP is vital to the balanced recovery of Wales and for long-term decision-making. It is important to recognise the spatial distinctiveness of places in developing both regional and local policy.

RTPI Cymru has called for more joined up working between City Deal investment and projects and the planning system, to maximise opportunities and benefits.

Document is Restricted

Agenda Item 8

By virtue of paragraph(s) vi of Standing Order 17.42

Document is Restricted