

Enterprise and Business Committee

Meeting Venue:
Committee Room 3 – Senedd

Meeting date:
3 June 2015

Meeting time:
09.15

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



For further information please contact:

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Agenda

Private pre-meeting (09.15–09.30)

1 Introductions, apologies and substitutions

2 City Regions (09.30–10.15) (Pages 1 – 13)

Councillor Phil Bale, Leader of Cardiff Council

Attached Documents:

Research Brief

Break (10.15–10.30)

3 City Regions (10.30–12.00) (Pages 14 – 17)

Edwina Hart, Minister for Economy, Science and Transport

Roger Lewis, Chairman, Cardiff Capital Region

Steve Phillips, Secretary to the Board, Swansea Bay City Region

Attached Documents:

EBC(4)-13-15 p.1 Minister for Economy, Science and Transport

4 Papers to note

4.1 Development Bank for Wales (Pages 18 – 19)

Additional information from the Minister for Economy, Science and Transport following the meeting on 23 April (Development Bank for Wales)

Attached Documents:

EBC(4)-13-15 p.2 Letter from Edwina Hart to William Graham (Development Bank for Wales)

4.2 Regeneration of town centres (Pages 20 – 25)

Additional information from the Minister for Communities and Tackling Poverty following the meeting on 29 April (Regeneration of town centres)

Attached Documents:

EBC(4)-13-15 p.3 Letter from Lesley Griffiths to William Graham (Regeneration of town centres)

De-brief in private (12.00–12.15)

Agenda Item 2

Document is Restricted

Written Evidence Paper on City Regions, Enterprise Zones and the Metro from the Minister for Economy, Science and Transport

1. Introduction

- 1.1 The purpose of this paper is to assist the Committee with their scrutiny session on the City Regions, Enterprise Zones and the Metro.
- 1.2 The Committee held a scrutiny session on these same topics on 4 December 2014. I provided a Written Evidence Paper for that session. This paper provides an update since that time.

2. City Regions

2.1 The Boards of the Cardiff Capital Region and the Swansea Bay City Region have provided leadership, strategic vision, ideas and advice. They have brought a welcome impetus, with focus and energy, to seek out opportunities to develop the city regions.

2.2 The terms of appointment to the City Region Boards were for a fixed 18 month period. However, I am extending the appointment period for both Boards to enable them to complete their immediate work, after which the position will be considered further.

Cardiff Capital Region

2.3 The Cardiff Capital Region Board has met regularly, holding meetings across the region and having discussions with a variety of stakeholders and experts.

2.4 A key output since the Committee meeting on 4th December has been the development and publication of 'Powering the Welsh Economy'.¹ This document marked an important milestone in the development of the Cardiff Capital Region.

2.5 It highlights the opportunity for the region, for its people, communities, businesses, and a wide range of other groups, to unite around four key themes:

- connectivity (both digital and physical);
- skills;
- innovation and growth;
- identity.

2.6 Since the publication of the report, the Board have spent the last few weeks considering how best to translate the vision into the delivery of specific

¹ <http://gov.wales/docs/det/publications/150306cardiffcapitalregionen.pdf>

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projects. The Board is due to provide further advice to me by the end of June. I will keep Members updated.

Swansea Bay City Region

2.7 The Swansea Bay City Region Board have made considerable progress over the past six-months. Through focussing on major projects, the Board is already beginning to demonstrate its role as a driver for change. There are a number of significant developments in this regard:

- in January, the Board published a document entitled 'A Growth Strategy for the Swansea Bay City Region'², which sets out an aspirational and challenging vision for Swansea and the wider region;
- the Board have continued to consider how to ensure best value for money from the forthcoming European funding round, examining regionally significant projects;
- more recently the Board have played a key role in hosting an international Innovation Summit; which saw the launch of the BT Broadband Enterprise Test Bed for Swansea and a new brand position.

2.8 The Board have been working on delivering both the Test Bed and brand position for some time. The BT Enterprise Test Bed is the first of its kind in the world. Other test beds in Cambridge and Newcastle have a consumer rather than enterprise focus, and so it is a significant step forward for the Region. Through links to Swansea University and with the potential for spin-outs and high value start-ups, it is an investment that could provide significant benefits for the Region.

3. Enterprise Zones

3.1 The Enterprise Zones are continuing to develop and deliver long-term opportunities for growth and jobs. I have kept Members regularly up to date on progress through appearances at this Committee, Statements in Plenary and through information including detailed progress updates and longitudinal survey results

3.2 More recently, and as I offered at the last Committee, we have begun to publishing updated individual strategic plans for each Enterprise Zone. I will also be reporting the latest set of key performance indicators shortly.

3.3 There have been a few changes to the Boards as required. A recent example of this is the appointment of Chris Sutton as Chair of the Central Cardiff Enterprise Zone. Chris brings with him a wealth of experience and will be a real asset to the Board and indeed to our broader approach to Enterprise Zones.

² <http://gov.wales/docs/det/publications/150216-a-growth-strategy-for-the-swanea-bay-city-region-en.pdf>

3.4 The tenure of the current Boards is due to end on 31 July 2015. I am clear that there is a need for a Board structure beyond July 2015 to provide continued oversight and guidance. Therefore, I have decided that an independent appointment process be put in place and the details will be advertised shortly. I am also considering allocating a ring fenced budget to each for use on key projects.

4. Cardiff Capital Region Metro

4.1 The Cardiff Capital Region Metro presents a significant opportunity to deliver an integrated transport solution to drive economic activity.

4.2 The progress we have made to date on the Metro, the immediate actions that have been identified for the next phase of delivery, and some new ideas that can be tested out further ahead of future investment are all set out in my most recent published update on the Metro.³ This sets out a vision of an extensive mass-transit network linking across the city region.

4.3 While the potential infrastructure investments have been subject to high level evaluation, we are now undertaking the further detailed work to design, develop and evaluate a program of delivery. Detailed design and commercial options are progressing well.

4.4 I have recently announced the creation of a not for dividend wholly owned subsidiary company of the Welsh Government, as a key part of our approach to delivering a more effective integrated transport system in Wales. The company will, in its first instance, concentrate on providing advice and technical expertise to drive forward the linked projects of the Metro, specifying and procuring the next Wales and Borders Franchise and the Valleys Modernisation and Electrification Project.

4.5 I have also agreed to commission a regional transport model for the Cardiff Capital Region. This will be a crucial tool to inform the planning and delivery of the Metro and broader transport interventions in the area and will enable the work of the newly announced not-for-dividend company to have real pace and be fully evidenced based.

4.6 There has also been progress with some key infrastructure projects such as the commencement of a £77 million investment in phase 1 of the Metro project with the opening of the new station at Pye Corner on 14 December. Other projects will include delivery of :

- £11m Ebbw Vale Town Station and rail extension began operations on 17th May 2015. Associated line speed enhancements will be delivered by 2016.
- The Ebbw Frequency Enhancement project (originally £21m) now includes 7 miles of redoubling and involves a bid for ERDF funding. The track laying

³ <http://gov.wales/docs/det/report/140826-cardiff-metro-update-report-august-2014-en.pdf>

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works commenced in April 2015 and are due to be completed by the end of this year. New platforms and associated works to structures will be delivered in 2016 ahead of Network Rail's resignalling programme in 2017.

- £8m Metro Station Improvement Programme, focusing on all stations between Cardiff and Merthyr is due to have works start on sites this summer.
 - On the Access for All programme Welsh Government is funding £2m for the design of nine stations, six of which (Barry, Llanelli, Treforest, Cathays, Taffs Well, and Treherbert) the DfT has agreed to fund the construction (circa £16m). This will also leave three projects designed and shovel ready should further funding become available.
 - £13m for Bus Priority Corridors has been allocated to 10 schemes across SE Wales, which are either in design or already on site under construction.
 - £3m on park and ride schemes at Porth and Ystrad Mynach will be completed in 2016.
 - £2.5m Active Travel schemes will all be delivered this year.
 - £3m Newport Bus Station is due to open in November 2015.
 - £1m Merthyr Bus station has enabled site acquisition and clearance works.
- 4.7 I will be making a further statement on the progress of metro before the summer recess.



Llywodraeth Cymru
Welsh Government

William Graham, AM
Chair, Enterprise & Business Committee

11 May 2015

Dear William

At the Committee meeting of 23 April, I agreed to write to you with further information on the implications of and vehicles for accessing European Investment Bank (EIB) funding; and further information on discussion with the UK Government about devolving a Barnett share of the funding from the British Business Bank (BBB) to Wales.

We explained the risks in applying for EIB funding. This goes back to 2009, when HM Treasury raised the issue of treatment of borrowings by Finance Wales, which were scored outside the Welsh Government's budget.

The Office of National Statistics (ONS) had classified Finance Wales as a public corporation, and with such status under IFRS accounting regulations, the overall borrowings of Finance Wales should be scored to the Welsh Government's DEL.

This effectively means that any amounts borrowed by Finance Wales plc would be taken off the Welsh Government capital DEL in the year that the money is borrowed. Then in future years the Welsh Government capital DEL is credited as the principal sum of the loan is repaid.

Officials have investigated different legal structures, for example special purpose vehicles which would be deemed off-balance sheet. However, the recent accounting advice is not conclusive and we would only progress on this matter when all legal and accounting aspects of the specific proposal have been fully considered.

In regard to the BBB, and Wales receiving a Barnett share (or fair share) of the funding for the bank. This is something I both wrote to and discussed with the Business Secretary in 2013, during the setting up of the bank.

The UK Government originally allocated additional capital of £1bn to the BBB - since increased to £1.25bn. Dr Cable advised that it was not his intention to allocate the BBB's budget geographically. Therefore, I was not able to ask for a Barnett specific Welsh allocation. However, I made the key point that it was vital to see that Wales was well served by the bank.

A measure of this being achieved would be if Wales were to receive roughly 5% of the BBB's additional £1.25bn, which would equate to £62.5m. By the end of 2014, £23m of this new capital had flowed to Welsh SMEs.

My officials maintain regular contact with their BBB counterparts, and are actively considering how we can increase the flow of funds to Wales for the benefit of our businesses. This also includes working with Finance Wales to investigate the potential of securing funds to deliver BBB's new *Help to Grow* programme (loans for fast growth firms), in Wales.

I trust this letter is helpful in clarifying these two particular issues, and I look forward to receiving the Committee's report in due course.

Edwina Hart

Agenda Item 4.2

Lesley Griffiths AC / AM

Y Gweinidog Cymunedau a Threchu Tlodi

Minister for Communities and Tackling Poverty



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: MB/LG/1610/15

William Graham AM
Chair - Enterprise and Business Committee
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12 May 2015

Dear William,

Further to my evidence session to the Enterprise and Business Committee last month, I undertook to provide further information. Specifically, the Committee requested:

- A note on the footfall statistics for Bargoed, following the location of Morrisons in the town centre.
- Information on the criteria used to allocate funding from the Tackling Poverty Fund, Vibrant and Viable Places and clarification on how it coincides with the Town Centre First policy with specific reference to the example of the funding provided for Barry Island.
- A note on why it appears the Welsh Government's 'town centre first' policy is only being applied in practice to retail and not to the location of office developments or the location of local authority services and staff.

Bargoed

Bargoed town centre has been the subject of a comprehensive regeneration programme over recent years, as part of the Heads of the Valleys Strategic Regeneration Area. The Welsh Government has supported key projects including a new transport interchange, new Library, extensive public realm works and, more recently, a new retail development at the southern end of the town.

The new retail development was completed at the end of 2013 and has delivered a 5,110 square metre anchor food store (Morrisons) with filling station, seven retail units totalling 1,858 square metres and a car park in the heart of the town centre. The Welsh Government has supported the project by providing a funding contribution of £3.172 million and in doing so securing a further £22 million of private sector investment. The retail scheme was the first phase of a larger scheme, which includes a multiplex cinema and a leisure quarter. Morrisons' new store has created 250 new jobs and the company worked in partnership with Jobcentre Plus to offer pre-employment training to 60 local people. Of the 250 people recruited, 172 were previously unemployed.

With regards to the footfall rates, measured by the Local Authority, it is appropriate to consider the combined average weekly footfall figure of two counters based in the town to assess its overall performance. In 2010, the combined figure stood at 18,769 and in 2014, 17,254. The number of people visiting the town centre as a whole has remained fairly constant, what has changed is the way that people are using the town. The short term impact of the implementation of the regeneration scheme to footfall has been significant but now the physical works are complete and the Morrisons store has traded for over a year, there is evidence of a shift in footfall patterns. The full picture will not be seen until the full retail offering planned is in place.

Barry - Strategic Regeneration Area and Tackling Poverty programme

The investment provided to the Barry Island enhancements were made as part of the Strategic Regeneration Area programme, the predecessor to Vibrant and Viable Places. One of the SRA's priorities was to support the development of Barry Island as a tourism destination, which would in turn bring more visitors and additional investment to the wider area. Barry is still best known for its beach - its unique selling point – and the SRA Partnership Board saw this as an important element as part of a wider regeneration programme for the town and surrounding area.

Barry is also now one of the seven areas we are supporting with funding from the Tackling Poverty programme. Vale of Glamorgan County Borough Council will receive £1 million under the programme for regeneration projects in Barry. Welsh Government funds will be supported by public and private investment.

Whilst the Vibrant and Viable Places and Tackling Poverty programmes are not exclusively focused on town centres (investment is targeted at town centres, coastal communities and Communities First clusters) the Committee will note that the majority of our investment will be concentrated within Barry town centre. The examples below also highlight the range of activities we are supporting in tackling poverty.

The projects which will receive Tackling Poverty Fund investment include:

Town Centre - Third Sector Hub

Feasibility work to explore new premises in the town centre to help raise the level of voluntary and citizen action in Barry. Explore potential for incubator units for community and social enterprises and meeting space to develop partnership working.

Improve Health and Play Opportunities

Help to improve play areas in the Castleland and Gibbonsdown. Although the site is maintained, the equipment is outdated and unattractive to local children and is underused. As a result, new play equipment for younger children and picnic benches for parents will be introduced at Dryden Terrace and disabled access will also be improved. The play area at Meggitt Road suits older children. Work will include re-surfacing, new football goals and improved access for pushchairs and disabled users.

Holton Road Grant Programme

Many properties in Barry town centre have empty, unused space, particularly above shops. The investment will help owners bring this space back into use as affordable homes for young people and families.

Main Street Grant Programme

Our investment will help to convert empty shops into homes and create homes in empty spaces above commercial premises. A range of different grants and assistance will be offered to tackle problems such as housing disrepair, poor conditions in the private rented sector and home energy efficiency. The area will be regenerated and the affordable one or two bedroom homes created will help people affected by the bedroom tax.

Improve the Quality of Public Spaces

Victoria Gardens is unwelcoming due to unlit paths and difficulties with disabled access. Our investment will address both these issues and encourage greater use and enjoyment of the gardens as a whole. Work will include improvements to the bus stop, balustrades, seating and the central grass area. There will also be improved links which will complement the redevelopment of Main Street.

Fuel Poverty Reduction Measures

An Energy Champion will be employed and trained to give residents advice on energy efficiency, fuel tariffs and fuel debt.

Making better use of property owned by third sector groups - Third Sector Youth Partnership and Community Internet Café

Tackling Poverty Fund investment will help to create a community and internet café offering training and job opportunities. Barry YMCA, working in partnership with the council's Youth Services, will refurbish and reduce the size of an existing and unused café. The new internet café will be managed by a start-up social business, training and employing adults who are out of work.

More generally, the selection criteria that has been used across Vibrant and Viable Places and the Tackling Poverty programmes is outlined below:

General	%
<u>Key outputs:</u> <ul style="list-style-type: none"> • Investment levered in (Welsh Government, public, private and third sector) • Net additional jobs created. • People supported into work. 	20
<u>Strategic fit</u> – with Local Development Plan, Single Integrated Plan, regional priorities and Welsh Government Programme for Government commitments, including tackling poverty, delivering jobs and growth and promoting equality.	20
<u>Policy fit</u> – extent to which programme is directly addressing regeneration of town centres, coastal communities and/or Communities First clusters in an integrated way.	15
Contribution to improving housing condition and supply, for example increasing residential accommodation in town centres.	15
Quality of programme delivery, for example in terms of: <ul style="list-style-type: none"> • clear rationale and case for change; • clear links between activities, outputs and the national outcomes for regeneration, with RBA use evidenced; and • robust governance and project management. 	10
Evidence of value for money.	10
Evidence of creativity and innovation, including where appropriate creating opportunities for social enterprises and the use of new financial models.	10

Town Centres First Policy and Office Uses

Welsh Government planning policy to support town centres is set out in Planning Policy Wales (PPW). PPW adopts the town centres first principle which states (in paragraph 10.29) that: “uses which need to be accessible to a number of people including retailing, major leisure uses...offices of central and local government, commercial offices, hospitals and tertiary education facilities are preferably to be located in town centres”. The sequential test for site selection should be applied to these uses (paragraph 10.2.11 refers).

In addition, Chapter 7 of PPW which deals with Economic Development issues states that local planning authorities should aim to align jobs and services so as to reduce the need to travel. This is reinforced by the detailed guidance contained in Technical Advice Note (TAN) 23: Economic Development.

Despite this clear guidance in national policy, the recommendations of the Genecon Report on Town Centres and Retail Dynamics state that the application of the town centres first principle should extend to other uses such as business which can support the diversity of centres. It is therefore necessary to ensure that existing guidance needs to be made clearer in this regard and as a consequence work is in hand to consider these recommendations.

A Technical Advice Group (TAG) has been established to carry out a review of the existing PPW chapter on retailing and TAN4: Retailing and Town Centres. This issues is been specifically addressed as part of their work. Draft revised versions of these documents are due to be published for public consultation by the summer.

However, responsibility of the day-to-day operation of the planning system in Wales lies with the 25 Local Planning Authorities who are responsible for preparing local development plans which accord with national policy and guidance and taking development management decisions on individual planning applications.

The Wellbeing of Future Generations Act will place additional duties on public bodies to act more sustainably in their business decisions which include the location of new facilities.

I am copying this letter to Cabinet colleagues with a portfolio interest.

Regards
Lesley

Lesley Griffiths AC / AM

Y Gweinidog Cymunedau a Threchu Tlodi
Minister for Communities and Tackling Poverty

cc: Carl Sargeant AM, Minister for Natural Resources
Edwina Hart AM, Minister for Economy, Science & Transport

