

## **Communities Division contribution to LGH Committee response**

### **1. Further information about the cross-Government mapping exercise that looks at policies and programmes relating to communities**

As part of the preparatory work for developing a new Welsh Government Communities Policy, a mapping exercise has been undertaken across Welsh Government to identify programmes, policies and funding streams which provide support to local geographic communities and/or specific communities of interest. This exercise identified more than 100 relevant programmes, which are listed below. Although an broad and inclusive approach was used, the list is not intended to be exhaustive and work is continuing to enlarge our understanding of how the Welsh Government currently works with an support people and activity in their own communities.

As indicated in the [Written Statement](#) issued by Ministers on 4 July, officials have now begun to widen engagement with this work through pilot work in a few areas, which will build on this mapping exercise, working initially with a smaller set of Welsh Government programmes drawn from the full list, to explore how they interact with each other and with communities themselves at the very local level. In the first instance we will engage with Public Service Boards to seem their views on the best approach.

#### **Climate Change & Rural Affairs Group**

- Transforming Towns
- Rural Housing Enabler Programme
- Communities Creating Homes
- Private Renting Sector - Leasing Scheme Wales
- Independent Living
- Renting Homes Implementation
- Residential Leasehold Reform
- Homelessness Prevention Programme
- Housing Support Grant
- Community Food Strategy
- Local Places for Nature
- Enabling Natural Resources and Well-being
- Landfill Disposals Tax Communities Scheme
- Welsh Government Energy Service
- Welsh Government Local Energy Loan Fund
- Welsh Government Hydropower NDR Fund
- Support to Community Energy Wales
- Marine Renewable Energy
- Bus Services Support Grant
- Ultra Low Emmission Transformation Fund
- Accessible bus services (Fflecsi bus & Bwcabus)
- Car Clubs

#### **Covid Recovery & Local Government Group**

- Academi Wales
- Community Fire Safety
- Community Support Officer Grant
- Safer Communities Network Grant
- Evaluation of interventions supporting vulnerable people to meet council tax liabilities
- Review of the Council Tax Reduction Scheme

#### **Education, Social Justice & Welsh Language Group**

- ACEs (Acute Childhood Experiences) plan & trauma framework
- Children & Communities Grant

- Flying Start
- Community Schools
- Grant to support policy development and implementation of the whole school approach to emotional and mental wellbeing.
- CAMHS – Schools in Reach (Child and Adolescent Mental Health Practitioners)
- School Holiday Enrichment Programme (SHEP)
- Free School Meals
- Additional meal allowance for Year 7 pupils
- Free Breakfast in Primary Schools
- PfG commitment to take forward the proposals of the Interim Youth Work Board to develop a sustainable delivery model for youth work
- Strategic Voluntary Youth Work Grant
- Youth Engagement and Progression Framework
- Youth Support Grant
- Grant Hybu a Hyrwyddo Defnydd o'r Gymraeg (Grant Promoting and Facilitating the Use of Welsh)
- Welsh Language Communities Housing Plan
- Period Dignity in Schools
- Period Dignity in Communities
- Brexit Support Programme for Disabled People's Organisations
- Community Cohesion Programme
- Equality and Inclusion Funding
- EU Citizens Rights Project
- Migrant Support
- Settled Status and Immigration Advice
- Tackling Hate Crime and Community Cohesion Action
- Tackling hate crime and racism in schools
- Discretionary Assistance Fund
- Income Maximisation
- Credit Union funding programme
- Digital Communities Wales: Digital Confidence, Health and Well-being
- Single Advice Fund
- Communities for Work
- Communities for Work Plus
- Parents, Childcare & Employment
- Community Asset Loan Fund
- Community Facilities Programme
- Third Sector Knowledge Portal
- Working Wales
- ReAct+ (employability support programme addressing barriers to employment)
- ReAct (employability support programme addressing barriers to employment)
- Traineeships
- Employability Skills Programme
- Jobs Growth Wales
- Education Maintenance Allowance Scheme
- Further Education Learning Grant Scheme
- Financial Contingency Fund for Higher Education
- Higher Education Student Support
- Equality, Race and Disability Evidence Units co-production approach

### **Economy, Treasury & Constitution Group**

- Business Wales
- Community Entrepreneurship
- Arfor Innovation Fund (Welsh Language business entrepreneurship scheme)
- EU Settled Status Advice Services
- EU Settled Status Appeals Service

- MOU with the Independent Monitoring Authority for Citizens Rights Agreements
- EU Citizens Rights
- European Social Fund

### **Health & Social Services Group**

- Out of Work Service
- In-Work Service
- Accelerated Cluster Development
- Age Friendly Wales Strategy
- Loneliness and Isolation Fund
- Primary Care Contract Reform
- New Integrated health and care centres
- Compassionate Cymru
- Mental health improvement funding
- Substance Misuse Action Fund
- Promoting Positive Engagement for young people at risk of offending grant (*included in the wider Children and Communities Grant*)
- St David's Day Fund (*included in the wider Children and Communities Grant*)
- Adoption Support
- Foster Wales
- Health and Social Care Regional Investment Fund
- Intergrated Community Hubs for Health & Social Care
- Voices from Care
- Children in Wales
- Action for Children
- Cyfannol Women's Aid
- Ethnic Youth Support Team
- National Youth Advocacy Services – Project Unity (for Care-experienced mothers)
- National Youth Advocacy Services – Parent Advocacy
- Platform for Change (safe space for young people)

## **2. Further information relating to local authorities use of available funding to support communities / the range of funds available for community assets**

- The Welsh Government's Community Facilities Programme (CFP) offer grants of up to £250k and can be used to purchase or improve community assets. The CFP has a budget of £6.5m in 2022/23, 2023/24 and 2024/25, a total of £19.5m to invest in communities in Wales. More information at: [Community Facilities Programme | GOV.WALES](#)
- The Community Asset Loan Fund (CALF) offers long term loan finance to help communities take ownership of assets. Loan of up to £300k are available up to a term of 25 years. The CALF is operated on our behalf by Social Investment Cymru, part of the WCVA. More information on loan products operated by SIC can be found at: [Social Investment Cymru - WCVA](#)
- The UK Government's Community Ownership provides grants of up to £250k to help communities take ownership of assets. It can provide up to £1m if the community is intending to take ownership of a sporting facility. The £150m Fund expects to commit around £7m in Wales, will operate to 2024/25 and will hold a minimum of 8 bidding rounds. More information can be found at: [Community Ownership Fund: prospectus - GOV.UK \(www.gov.uk\)](#)
- Funding Wales is an online portal which provides information on a wide range of funding options to suit all types of community project. More details can be found at: [Funding Wales](#)

# ewmpas

For economic and  
social change

Welsh Government  
Social value review  
**Summary Report**

June 2022



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## Foreword

As we already know, 'social value' is a broad term that has been used to describe the social, environmental, cultural and economic impacts of actions taken by communities, organisations, governments and individuals. Welsh public sector procurement is one of many powerful levers that has the ability to deliver social value outcomes for the well-being of Wales.

In December 2021, CWMPAS were commissioned to engage with the Welsh public sector to undertake a mapping exercise with the purpose of reviewing the social value landscape in Wales and provide a set of recommendations for taking both the narrative and the practical implementation of social value forward within a Welsh context.

Whilst this summary report acknowledges that there is confusion regarding the meaning of social value in Wales, resulting in the inconsistent application of approaches to deliver social value; both within procurement and at an organisational level, the report provides a clear approach to resolving the inconsistencies.

It was found that social value, within Wales, needs to be viewed through the lens of the Well-being of Future Generations Act (WBFGA), whilst also recognising the need to align with any future direction linked with Procurement Reform and The Social Partnership and Public Procurement Bills.

In order to deliver a consistent approach for embedding social value, Welsh Government will provide the leadership required to deliver the recommendations detailed in this report, working with the Welsh public sector to drive a long-term solution for the delivery of wellbeing outcomes in Wales.

This work will ensure a clear thread from the WBFGA runs through the procurement lifecycle; from pre-planning to evaluation and reporting. However, it is important to note that the responsibility for social value does not just sit with procurement; social value needs to be considered holistically within organisations, with 'buy' in from Senior Leaders. Moving forward we know that public sector colleagues want to see consistency in terms of the approach, measurement and reporting of social value.



**John Coyne**

Director, Commercial and Procurement  
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## Introduction

Cwmpas (formerly the Wales Co-operative Centre) was commissioned by the Director of Commercial and Procurement within Welsh Government to map the current social value landscape within Wales.

It was acknowledged that 'social value' is a broad term that has been used to describe the social, environmental, cultural, and economic impacts of actions taken by communities, organisations, governments and individuals. Welsh public sector procurement is one of many powerful levers with the ability to deliver social value outcomes for the well-being of Wales; we know public bodies in Wales spend over £7 billion each year procuring a range of goods, services and works. This is nearly a third of total devolved Welsh annual expenditure, and it is estimated that over the next decade Welsh public services will spend over £70 billion.

## Methodology

The Welsh Government outlined a list of participants that they wanted to take part in the research. Following an email from the Director of Commercial and Procurement, explaining the reason for and scope of the work, the individuals were contacted by Cwmpas and virtual interviews were arranged.

The semi-structured interview questions were agreed with the Welsh Government and the interviews were conducted between late January and March 2022. In total, 36 people were interviewed from 18 different organisations, including a number of Welsh Government Departments.

The majority of the interviews were audio recorded and anonymised quotes have been used to illustrate the issues identified.

## Findings

There were two prominent findings from the interviews. The first was that the majority of the interviewees thought that the overall picture of social value in Wales was one of confusion, with a lack of consensus on what social value really means. There appears to be confusion at different levels:

- The overall meaning of social value, within a Welsh context.
- How to put social value into practice; both within procurement and at a strategic level.

The following quotes illustrate the confused picture:

*"A lot of people do have different perceptions and they have different perceptions on how they measure it. It will help us across the board if everybody was doing the same".*

*"I guess there is no current unified approach being implemented and considered and that just leads to confusion".*

*“Where is the consistent approach that we're going to apply to Wales? there's no standard metric. There's no standard approach and standard reporting. So, you can't have a cohesive picture about what's going on in Wales”.*

The second issue was that social value, in a Welsh context, has to be viewed through the lens of the Well-being of Future Generations Act (WBFGA), in terms of both the seven well-being goals and the five ways of working. Social value also needs to reflect the social, economic, environmental and cultural outcomes of the Act. Participants highlighted that the social value, as interpreted by the Public Services (Social Value) Act 2012, referred to here as 'the Social Value Act', is English rather than Welsh legislation.

A number of participants considered that opportunities to include cultural outcomes are often missed, for example:

*“There's definitely a tendency within procurement contracts that culture, the cultural dimension of well-being gets dropped, because what happens is you have the Social Value Act gets adopted and all that fit that social value, but that importantly doesn't reflect the cultural dimension.”*

The following themes were also highlighted during the interviews:

### **Definition of social value**

A key output of this research is for the Welsh Government to consider a definition of social value. Participants were asked if and how they were already defining social value within their organisations. We know that there are many different definitions of social value and one participant referred to research that highlighted 18 different definitions.

A small number of organisations have defined social value within their organisations. Where they have, definitions are generally viewed within a procurement context. Some organisations are using the Government Commercial College (2020) definition, as outlined in WPPN 01/20: - 'Social Value' is “a broad term used to describe the social, environmental and economic impacts of actions taken by communities, organisations, governments and individuals”.

Others are using the definition of social value from Social Value UK:

*“Social value is a way of thinking about how scarce resources are allocated and used. It involves looking beyond the price of each individual contract and looking at what the collective benefit to a community is when a public body chooses to award a contract.”*

However, the majority of organisations we spoke to have not defined social value and are instead looking to Welsh Government to take a lead.

In trying to define social value in a Welsh context, there was agreement that a definition needs to clearly linked to the WBFGA:

*“There's a connection between the well-being objectives of the local authority and to how procurement social value can contribute towards these well-being objectives. So, for me, at least,*



*when we look at the definition, it's being able to demonstrate a consideration for the Act, specifically contributing to well-being objectives".*

## **Social value and community benefits**

Many organisations seemed to use the terms 'social value' and 'community benefits' interchangeably. However, overall, it was acknowledged that community benefits is one element of the broader social value concept; as outlined in WPPN 01/20.

*"There has been an explosion, almost, of different language relating to procurement. I think 'community benefits' was quite successful, I know it's been around for quite a few years, but it has been quite successful in terms of organisations adopting it, but obviously, it was very limited in terms of just focusing on the employment and training and I think people recognise that the approach needs to be a lot broader".*

*"Wales was at the forefront with the community benefits model. The criticism around it was that it wasn't resourced. It wasn't developed. It just stood still and nothing happened. And then time moves on, and people lead and say, well, this is a much better shiny thing called social value; Let's jump on this bandwagon".*

Participants also felt that social value needs to be approached and embedded at a strategic level:

*"We completely avoid using the words 'community benefits' because, that community benefits is used at an operational level, but actually social value is much broader than that. And really, social value is about making strategic decisions. It's about influencing, it's about much more than just delivering on the ground. It's about making it and embedding it into absolutely everything that we do and who we are, and why we're doing it".*

Interestingly, one participant questioned the term 'social value' and suggested that in a Welsh context, with the clear links to the WBFGA, the term should be; 'well-being benefits', 'well-being values' or 'well-being outcomes'.

## **The meaning of social value to organisations**

Interviewees were asked about the meaning of social value to their organisations. Again, it was clearly evident that the majority of organisations, particularly those from the public sector, were at very different stages in their implementation of social value. For those that were in the process of embedding or had embedded social value within procurement processes and wider policies, there was an emphasis on the value that could be recognised for local communities, shaped by local priorities and place.

*"Social value is about how organisations can actually demonstrate that they're spending public money, but, social value should be a way for them to be able to show what are those wider benefits and wider outcomes that they're actually able to deliver through spending this money... it's about the value, the wider value that procurement could and should be leading to".*

*"We can spend a lot of time arguing about definitions when really, we just need to get social value achieved. What struck me about social value right at the beginning, is that it's real, it's real value. It's real additional value. We're not just talking about measuring something that's already there, or something we were going to get anyway. We're talking about changing things, to change the way that services are delivered, to change the types of products that we buy, and to change that in a way that is better for the nation of Wales".*

## **Social value and procurement**

The majority of participants who took part in this research worked within procurement teams and considered initial perceptions of social value were a procurement function. Organisations now recognise that social value is a broader term with a far wider remit and that it needs to be embedded throughout the organisation. Although this is acknowledged, many organisations are still at an early stage of developing their approach to social value both at an organisational level and within their procurement function.

*"I don't think it's any coincidence that when we talk about social value, we tend to do it in a procurement context. The two seem to be very, very tightly interwoven. Which almost makes social value a procurement problem".*

In order to utilise social value within procurement, some organisations had developed processes for commissioners and purchasers to start thinking about social value as early as possible within the procurement planning process. Participants highlighted that effort and resource is required to embed social value. This included training and awareness-raising as well as support for staff procuring goods and services. Processes need to be in place to allow staff procuring goods and services to consult and plan the procurement process, as early as possible, with consideration of social value.

*"It's about planning the process and what social value we want to achieve from it. As commissioners, we are placed at the heart of that and we really need to understand who our stakeholders are, who our communities are, going deeper into the root of that and create our services that are fit for the future and then involve all suppliers through procurement and thereafter as well".*

## **Engaging with communities**

Many of the interviewees emphasised the need to engage with communities to deliver and maximise benefits.

*"What we mean by social value, because as contracting authorities, the danger is that we try to pre-empt what social value means and what communities need without actually engaging with them. We might say that in this contract, we're going to create 15 apprenticeships, but actually apprenticeships isn't the priority for a particular community, it's not appropriate".*

It was also acknowledged that many public sector bodies would like to see community engagement integrated into procurement processes. One participant also felt that consideration should be given to engaging with communities after the contract had been delivered to gain insight into how those social values measured had impacted on the perceived beneficiaries.

### **Social value within contracts**

Of the organisations we spoke to, which were including social value or community benefits within tenders, nearly all were scoring these elements. The weighting varied between 10% and 15%. The evaluation methods also differed. Some were using software systems, some had developed evaluation matrices and some were using subjective assessments.

### **Measurement**

Some local authorities have developed their own bespoke measurement systems, using open procurement, supported by in-house knowledge, skills and resources. Implementing a new system takes time and effort. For example, one respondent explained that this process had taken over two years. However, the system now in place met their requirements and could be used for both qualitative and quantitative measurement, based on their own social value framework.

Respondents considered there to be a focus on fiscal measures in terms of how they are currently measuring social value. However, they would support the development of qualitative reporting approaches to provide a more rounded picture.

*"For me, there's pure quantitative measures. I know why people rely on them in this you've got an objective measure, but it doesn't always actually really tell the story, it doesn't demonstrate outcomes and you can hit quantitative measures without actually making much difference; they can become almost a perverse incentive".*

### **Welsh Themes, Measures and Outcomes (TOMs)**

There were clear concerns about the Welsh TOMs, with many respondents feeling that they were too associated with a commercial partner.

*"We perceived that everybody would use this approach and phase out the community benefits and focus on the TOMs and that hasn't been happening. There has definitely been a lot of inconsistency because of the implementation of it"*

*"What's worried me is that people are so desperate to get an answer for social value, to help them with their day-to-day jobs and we've ended up with this commercial model.*

*"...it's important to differentiate between the Welsh national TOMs and Social Value Portal".*

*"Social Value Portal's hard sell has been really criticised"*

*"There was criticism around the Community Benefits Toolkit around being a clunky spreadsheet. And, if the TOMs are utilised as a spreadsheet, it doesn't reduce any of the criticisms, I think around the Community Benefits Toolkit. The there's has been mixed approach to implementing them".*

*"I don't think that it should ever have got into the situation where we had the relationship that developed to such an extent without any contractual obligations without any sort of conversation around intellectual property rights. The public sector has given its time and effort freely into something that is now a commercially viable product for a commercial provider."*

The quote above highlights that a lot of time and effort has gone into formulating the Welsh TOMs, by a variety of public sector organisations, including the WLGA and the Office of the Future Generations Commissioner for Wales.

Some local authorities are trialling the TOMs and this approach seems to be working satisfactorily in a number of procurement areas. One organisation was using the TOMs spreadsheet. One interviewee raised the point about the maintenance of the TOMs:-

*"I would be concerned about how do you know that those metrics are maintained and they're monitored and they are accurate? And they are being maintained on a sort of rolling basis, every time the inflation rate changes for something, whatever time that the statistics change ultimate that that should be measured? Who does that? They tell us that they do it for free, and they're doing it as part of this project, but who checks?"*

Another participant highlighted:-

*"I think it's great to have this national measurement set. But, you can almost see everyone's diluting it. Now everyone's changing it. So, actually, it looks completely different".*

There also seems to be a consensus that the TOMs approach does not work in every procurement setting, with social care being the biggest area of concern. Local authority procurement professionals working in this field raised the approaches outlined in the Social Services and Well-being (Wales) Act 2014 (SSWBA) and, in particular, Section 16 which relates to social value models of delivery; with these models having a different meaning and approach to social value in its more general procurement sense.

## **Holistic approach**

A number of local authorities have already embedded social value in their strategies, policies and procurement functions which could see the benefits of this approach.

*"Social value gives us more of a drive I suppose, part that, we have to do this across the organisation regardless of the legislation, because of the senior management, buy in and passion for this, it's really been all across the whole organisation in terms of this is just what we do every day. It's been so fantastic to see because actually, cultural change is usually so slow to progress, but actually, it's been it's really quick".*

*"...procurement is sometimes still referred to as sort of that backroom function but making it really clear the impact that procurement outcomes have on a community. And that perhaps requires sometimes a little bit more innovative thinking or a little bit more sort of thought planning and also having procurement at a strategic level makes a real difference in terms of impact".*

*"Our corporate objectives are changing. We've come in at the right time, we've consulted with the team that are dealing with the corporate strategy and saying these are what we're thinking need to go in for social value. We've included our sustainability team, too. So, we've got that buy in from everybody, really making sure that social value aligns to our corporate values and objectives".*

Of the local authorities that had written social value strategies, the following areas were highlighted:

- Decarbonisation and meeting Net Zero stipulations
- Community benefits, long-term unemployment and apprenticeships
- Ethical employment
- Fair Work
- Local business and national economy
- Social commitment in supply chains
- Community Wealth Building
- Foundational economy
- Circular economy
- Links to the WBFGA priorities and the SSWBA, links to Public Service Board (PSB) priorities and council plans.

It was also acknowledged that to get organisational 'buy in' to social value, wider policies and procedures need to be supported by education and training.

### **Impact on suppliers**

The different approaches to social value within the Welsh public sector has an impact on suppliers, particularly local SME's There is also often a cost implication for suppliers if they have to purchase measurement software.

*"The complaints you get back from suppliers is the lack of consistency in the approaches. 'I live in Council A you could get Council A doing one thing and Council B, 10 miles down the road doing something completely different' and you've got a supplier working in both is having to do two separate things. So, there is a lack of joined up thinking".*

*"One thing I've got against the Social Value Portal really is suppliers are going to have to pay for it. The winning bidder is going to have to pay a fee and we don't want to alienate SMEs more than they already are in terms of having bureaucracy and financial penalties in place. I know*

*they might have won the contract, but for us, our contracts are fairly low-value in comparison to [the] local authority. So even if they have to pay a few hundred pounds, it would be too much for some local SMEs”.*

It was also considered that many SMEs do not have the skills required to complete the social value elements of the tender documentation:

*“I think the key factor in all of this, is that there's no point in all local authorities issuing tenders with the TOMs and social value measures in them if the markets can't respond to it”.*

*“We make social value simple to be able to attract our local companies and local suppliers to engage because we found that a lot of our local suppliers, when they see an over-complicated approach, it actually stops them from bidding”.*

In order to procure local suppliers, one public sector organisation working across a number of different counties, was planning to develop individual frameworks per trade specialism, such as electricians, painters etc. The various lots would be tendered at a county level and businesses could only apply for the tender in one county. They considered this could serve as a blueprint for the future.

## **Resources**

It was clear that many procurement teams had lost members of staff, particularly at a senior level, and this was affecting the implementation of social value approaches within procurement:

*“If we take a 20-year perspective of the professional procurement landscape in Wales, when directors of procurement have moved on or retired, they haven't been [directly] replaced. So, they've been replaced with a lower level in the organisation, and then they've been organisationally subordinated to directors of finance and in the DNA of directors of finance, they are always looking for cost savings. They frame procurement as a cost saving exercise, rather than a value-creating exercise and that goes right into the deep DNA culture of organisations”.*

*“Many procurement departments are really small, they do have trouble in just keeping their head above water in the sort of repetitive tender and they do it that alone introducing loads of new policies and objectives”.*

A small number of public sector bodies have been able to allocate resources to social value, particularly social value officer posts and contract management positions. Where this has happened, it appeared to have significantly benefitted the implementation of social value within procurement, contract management and the wider organisation.

## **Good practice and sharing**

The majority of participants would like the opportunity to share and learn from good practice:

*"I think that's what Sophie Howe's review kind of pointed to that by saying we've had this community benefits and no one's been sharing the good practice or talking about nobody knew. It's like a dark hole".*

*"We don't seem to find people willing to share what they've done. I think some of that stems from the fact that everybody's on a journey at the moment, it seems to be everybody still in the same position as us and nobody actually wants to make commitments".*

## **Welsh Government's Role**

Public sector bodies in Wales want the Welsh Government to take ownership of social value. Many feel that the lack of leadership, particularly in the last few years, has resulted in the confused picture that currently exists, and the development of the Welsh TOMs has played a key part in this confusion.

*"My message to Welsh Government is that you should have done all of this in-house. You've got all of the expertise, you've got all of the know-how digitally, you should be keeping your own data, you shouldn't be outsourcing it to somebody else, and building up their own business intelligence".*

*"There is no political leadership in the procurement team to go down the road of social value".*

*"Worrying, I think, and that's where Welsh Government needs to kind of have a bit of a wakeup call because these are trained, experienced procurement professionals, they're struggling".*

## **Wider Context**

When considering how to move forward the wider legislative and policy environment also needs to be considered, including:

- Procurement reform
- Social Partnership and Public Procurement (Wales) Bill; with an emphasis on socially responsible procurement and fair work
- Socio-economic duty
- The Co-operation Agreement 2021 and the updated Programme for Government, which promotes the purchasing of made-in-Wales products and services.
- The Wales Procurement Policy Statement (WPPS)
- WPPS Action Plan; most notably the actions detailed in principles 1,3,7 and 10
- The Foundational Economy and the Well-being Economy approaches.

One participant noted:

*"I suppose if you look at some of the, the policy initiatives that we that we've developed over the years, a lot of the work links to the foundational economy, the Well-being of Future Generations Act. All of these policy drivers are aimed at making sure that we thought that the Welsh pound is remaining within Wales, and we're maximising the value for our communities.*

*“And so, I think a lot of a lot of our policy initiatives, really give support social value, but I just think, because there is no clear definition of what social value is and what it means practically for contracting authorities and for suppliers”.*

There have also been a number of other reports highlighting social value in a procurement context, such as:

**PROCURING WELL-BEING IN WALES: A Review into how the Well-being of Future Generations Act is informing procurement in Wales**

**Procurement in the Foundational Economy: Economy, Infrastructure and Skills Committee (February 2020)**

**Community Wealth Building in Wales (Various regional reports, Spring 2022)**

## **Conclusion**

The findings outlined in this report should come as no surprise and this research has confirmed the confused ‘social value landscape’ that exists in Wales. In terms of moving the discussions forward, public sector bodies are looking to Welsh Government to provide clear leadership and direction.

The Welsh Government should keep stakeholders up-to-date with their aims and plans in relation to social value, highlighting timescales and key milestones. As the discussion evolves Welsh Government must also ensure that a diverse group of stakeholders are involved.

The recommendations outlined below were discussed and amended following two workshops with a limited number of key stakeholders. The stakeholders that attended the workshops had all taken part in the interviews phase of this research.

## **Recommendations**

1. From a procurement perspective, Welsh Government should take the lead role for a Wales wide approach to social value and resource this commitment effectively.
2. Social value needs to be clearly defined, in a Welsh context. This definition should contain social (including fair work), economic, environmental and cultural elements.
3. Participants evaluated that in Wales we have the Well-being of Future Generations Act as a legislative driver rather than the Social Value Act, and this is the lens that social value has to be viewed through. Therefore, it is recommended that consideration is given to using the terms well-being value/benefits/outcomes rather than social value, in Wales.
4. The methodology to measure social value, within the Welsh public sector, needs to be consistent. Welsh Government need to take the lead in this area. In practical terms this is likely to mean that support will need to be provided to ensure consistent application and adoption.



5. The format and guidance for reporting social value also needs to be consistent across Wales. Consideration should be given as to how this would compliment or impact on other reporting requirements, such as those required by the WBFGA.

Qualitative and quantitative approaches should be used to measure and report social value and guidance to support reporting should be developed. There is an opportunity to report social value centrally which would allow the sharing of good practice, evaluation and learning.

6. Any new approach to social value should align with the forthcoming Social Partnership and Public Procurement (Wales) Bill and procurement reform. There is an opportunity to align terminology and reporting, too.

7. There is a need for ongoing support for procurers, buyers and suppliers. Generally, procurement teams are under resourced, this needs to be considered as the social value approach develops.

Contract management is key to realising and reporting social value. In many public sector organisations, this is under resourced. This also needs to be thought about as ideas progress.

There needs to be processes in place to allow procurement teams to develop skills and capacity.

Mechanisms also need to be in place to share good practice. This could be through a community of practice or through the adaption of existing networks.

The supplier market and business support agencies need to be kept updated of likely implications, as well as proposed timescales and changes.

**Note:** no reference has been made to the role of the proposed National Procurement Centre of Excellence, as it was considered that discussions about the Centre were still at an early stage.

# Sarah Evans

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Eich cyf/Your ref  
Ein cyf/Our ref

Derek Walker  
Chief Executive Cwmpas  
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27 June 2022

Dear Derek,

I would like to thank you for your published report on 'Community Ownership of Land Assets'.

Our communities are our greatest assets in Wales and are central to our policies and commitments in the Programme for Government. Land and property assets enable our communities to have more control over services and facilities and are of huge importance to the foundational economy.

At our recent meeting I committed to respond to each of the report's recommendations and these are detailed below.

1. *The Welsh Government should establish a commission to stimulate innovative thinking on community ownership of land and assets in Wales.*

*The commission should investigate and make recommendations on the implementation of various tax reforms on land and assets for community uses and determine the most appropriate method of valuing land, considering the social, ecological, cultural value as well as financial value, and should produce guidance on the fair price for land.*

Your report on community led-housing together with the recent report from the Institute of Welsh Affairs has stimulated debate on the subject of community ownership of land and buildings. The issues raised by this body of work deserve serious consideration and will be captured in the forthcoming Local Government and Housing Committee's evidence hearings into Community Asset Transfers.

I can confirm I am minded to agree with your proposal to the establishment of a commission. But I also think we should wait for the conclusion of the Senedd committee evidence session, as the remit of the commission will I am sure you agree, need to have regard to the Committee's report and its recommendations.

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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.

2. *The Welsh Government should introduce a Community Ownership and Empowerment Act that gives well-governed, sustainable community organisations the opportunity to have more control over land and assets in their communities.*

Conversations with partners are telling us there is a need for a fresh look at community policy in the light of the pandemic, when local action was so vital. We are now taking the first steps in developing a Communities Policy which will in turn develop new, co-productive, ways of working with our communities. This will help to ensure that the principles of community empowerment already built into our primary legislation are translated consistently into effective local engagement.

3. *The Welsh Government should develop a land ownership registry/database, which provides publicly accessible key data on land ownership/transactions in Wales (including publicising options agreements where future development may occur) bringing together existing databases e.g., HM Land Registry and the Welsh Government Land Division, to create a universal resource containing information on land.*

*The current mapping data, property characteristics data, and property transactions data are collected by different government agencies and are not easily accessible for community groups. Richer data should make clear where the land is owned by public bodies, as well as private landowners and where land is unclaimed. This registry should always be kept up-to-date and transparent.*

I agree that pulling multiple datasets together will result in a far more powerful information tool. Work is already underway through DataMap Wales and the replacement system to ePIMS (public sector property data base), to help realise this ambition.

4. *The Welsh Government should establish a Revolving Loan fund for community-led housing projects to grow the number of affordable community-led housing projects.*

Whilst delivering the recommendations of the Independent Review of Affordable Housing Supply (May 2019) to streamline funding processes, I am keen to ensure community-led housing groups have access to existing funding streams. Community-led housing groups can access Social Housing Grant funding when they partner with a Registered Social Landlord (RSL). I am keen to explore other funding avenues such as the Land and Buildings Development Fund, where I understand you are planning to submit a funding application. I look forward to receiving your application.

I accepted the recommendations of the Independent Review of Affordable Housing Supply (May 2019) including recommendations around streamlining funding processes.

5. *The Welsh Government should develop a Community Wealth Fund that would support communities to develop social infrastructure.*

The voluntary sector in Wales has been calling for the Welsh Government to use the next tranche of dormant assets funding to establish a Community Wealth Fund for some time. For example a recent report from the Building Communities Trust developed following a wide consultation with communities – [Strong Welsh Communities](#) refers to this.

I accept that a Community Wealth Fund aimed at helping community anchor organisations to continue to support their communities could provide a significant benefit and enable communities to become more empowered.

However, I also recognise that we need to do this through a cross-cutting, whole of government response.

- 6. The Welsh Government should publish guidance (e.g., a Technical Advice Note) and should encourage local authorities to develop bespoke policies (e.g., Supplementary Planning Guidance, land disposal policies) on community-led housing and how it can be included in future developments and provide community groups with access to public land at a reduced cost, enabling planning departments to ensure that this commitment in the Programme for Government is readily achieved.*

The planning system in Wales requires community engagement throughout the planning process. Communities are encouraged to actively participate in the preparation of development plans, and support is available to help them through organisations such as Planning Aid Wales, which the Welsh Government sponsors.

Planning Policy Wales encourages community led housing and requires the provision of smaller residential sites to support Ministers' commitments for housing provision, in particular affordable housing. Local Housing Market Assessments (LHMA), produced by local authorities to identify housing need in their area, are available to community groups as well as commercial developers.

Housing policy is an area where community assets are a key element to addressing affordable housing supply, especially in rural and coastal areas where communities are in direct competition with second home owners and holiday lets.

The planning system controls the use and development of land, rather than who owns or develops it. Planning Policy Wales is supportive of the delivery of the Government's target for the delivery of 20000 social homes for rent but it makes no differentiation about who will build them. However, I recognise that a diverse supply of housing providers is a good thing and our planning policy seeks to ensure that sites are identified which are attractive to a wide range of providers e.g. by requiring the identification and provision of small sites

In respect of public land, Welsh Government and Local Authorities already have powers to sell land at less than open market value. But it is worth noting the transfer of land at a reduced cost (reflecting community benefits) has to observe regulations regarding state subsidy and public works contracts. However, authorities would be familiar with the principles and there are emerging legislative proposals to adjust Public Contract regulations to reflect social value.

- 7. The Welsh Government should make Place Plans a mandatory part of the development plan process to encourage participation and give local people a chance to influence their area.*

I recognise the role of Place Plans and there are many examples of them in Wales. They are driven and prepared by local communities but not all communities necessarily want them and we must be respectful of this, which is why they are discretionary.

The statutory planning hierarchy currently consists of the National Development Framework and Local Development Plans. Work is also commencing on the preparation of Strategic Development Plans across Wales. Mandating yet another tier of plans, particularly in communities who have not expressed a desire for Place Plans could add to complications and be very resource intensive.

Local communities are encouraged to engage effectively in the current plan making process especially in LDPs

8. *Local authorities should work in partnership with local communities wanting to develop community-led housing projects to meet local housing need by leasing land for affordable community-led housing projects where necessary, utilising their CPO (Compulsory Purchase Orders) powers to purchase sites suitable for community led housing.*

Welsh Government and Local Authorities already work closely with locally based housing associations to provide much needed affordable homes for local people. Schemes already utilise community benefit tool kit to support local communities particularly during the procurement and construction phase.

Through our support for Self-Build Wales, local people can find help and financial assistance for new projects to build homes for themselves in their community.

<https://gov.wales/get-help-build-home-self-build-wales>

Ministers believe compulsory purchase powers are an important placemaking in action tool which can help support local authorities and communities. Revisions to paragraph 3.53 of Planning Policy Wales under the 'Strategic Placemaking' section strengthen support for the use of compulsory purchase powers by local planning authorities to help facilitate the development, redevelopment and improvement of land and buildings where there is a compelling case in the public interest. Circular 003/2019 introduced revised guidance and significant further support has been provided by creation (for the first time) of a CPO manual for Wales <https://gov.wales/compulsory-purchase-order-cpo-manual-edition-1>

9. *The Welsh Government should develop a formal process for Community Asset Transfers (CAT) so that there is a standardised approach across all local authorities and public bodies.*

The Welsh Government through Ystadau Cymru has already published a suite of detailed guidance to support the transfer of publicly owned assets to community groups. This includes examples of good practice in Wales and details best practice in processing asset transfers.

Our [Community Asset Transfer Research](#) provides evidence that some local authorities are working closely with local groups, the county voluntary council and others to make the asset transfer process as straightforward as possible. This best practice, offering support during and after the transfer process, leads to much better long-term outcomes.

I am sure your report, its recommendations together with other representations on this matter will be thoroughly reviewed by the Committee and reflected in their final recommendations to Welsh Government. I can assure you these will be given detailed consideration and will give us an opportunity to develop a more strategic response on this important matter, implement improvements where necessary alongside key stakeholders such as yourselves.

Yours sincerely



**Julie James AS/MS**  
Y Gweinidog Newid Hinsawdd  
Minister for Climate Change

Self-Build Wales is a Welsh Government funded scheme to support self-build and custom-build homes for owner-occupation.

It is designed to remove the barriers and uncertainty that prevents people in Wales from building their own homes by providing loan finance for the purchase of the plot and build costs. The loan is repaid on completion of the home when the beneficiary is expected to take a conventional mortgage before they occupy the home.

The scheme is delivered by The Development Bank of Wales on behalf of Welsh Government, which manages the £40m fund providing development loans to cover 75% of the cost of the land plus the full building costs. Plots are available with pre-approved designs and planning permission in place.

Plots are made available by Registered Social Landlords (RSLs), Local Authorities (LAs) and private land owners. The scheme uses pre-agreed energy efficient designs, ranging from 2 to 5 bedroom homes. The standard designs can be adapted to suit individual requirements and sites.

The benefits of the scheme are:

- No developer's profits are paid, potentially releasing finance for a deposit.

- The scheme encourages more construction by SME builders.

- The scheme is open to everyone in Wales, enabling first time buyers and those needing bigger homes to achieve their housing aspirations.

- The scheme enables RSLs and LAs to meet local housing priorities , such as housing for those with a local connection.

- High levels of energy efficiency are required.

- Homes built under this scheme cannot be sold or let for 5 years and must be the applicant's only property.

The scheme is in its infancy with sites currently at planning or consideration stage.. Officials are actively seeking suitable sites including recently opening the scheme to private land owners and are exploring how Community-led housing groups might access the scheme.

[A scheme to support self builds in Wales | Self Build Wales](#)

## **Technical Note for the Minister for Climate Change:**

### **Local Government and Housing Committee (13/07/2022)**

#### **Inquiry into community assets—evidence session 4: Minister for Climate Change and the Minister for Finance and Local Government**

### **Demolition of Community Assets – Town and Country Planning Considerations**

#### **Planning permission for demolition**

1. Planning permission is required to undertake “development” and demolition is specifically included within that definition. There are two exceptions to this: the demolition of walls, fences and other means of enclosure (which are not in conservation areas); and small buildings up to 50 cubic metres in volume.
2. Other than in relation to community assets, most other demolition is acceptable in principle and key planning objectives are to ensure disused buildings do not become visually intrusive and unsafe, and the land is restored to a tidy state. This is achieved through planning legislation by the grant of a national planning permission subject to conditions. The conditions are intended to ensure the method of demolition does not cause unacceptable planning impacts, such as to adversely affect amenity or cause pollution.
3. Class A of Part 31 of Schedule 2 to the Town and Country Planning (General Permitted Development) Order 1995 (“the GPDO”) grants planning permission (“a permitted development right”) for all demolition other than where the building has been rendered unsafe or uninhabitable by the actions or inactions by the owners or occupiers (and it can practically be repaired or temporarily supported). The permission is subject to a prior approval procedure which enables the local planning authority to decide whether the method of demolition and any proposed restoration of the site is acceptable in planning terms.
4. Where planning permission has been granted for the redevelopment of land, demolition can take place without the need for prior approval.

#### **Article 4 directions**

5. It is accepted that a national planning permission is not necessarily appropriate everywhere, so in exceptional circumstances, the general permission which the GPDO grants for a particular development or class of development may be withdrawn in a particular area by a Direction made by the local planning authority or by Welsh Ministers under Article 4 of that Order (“an article 4 direction”). Such action will rarely be justified unless there is a real and specific threat, i.e. there is reliable evidence to suggest that permitted development is likely to take place which could damage an interest of acknowledged importance and which should, therefore, be brought within full planning control in the public interest.

#### **Use of article 4 directions to protect historic buildings**



6. One class of development which is likely to constitute exceptional circumstances and justify the use of article 4 directions are buildings which are locally listed.

#### *Demolition of listed buildings and conservation areas*

7. Listed building consent is required to demolish a listed building. Conservation area consent is required to demolish a whole building or substantially whole building within a conservation area.
8. National planning policy, set out in Planning Policy Wales (PPW), states that the demolition of any listed building should be considered as exceptional and require the strongest justification. When considering an application for conservation area consent, account should be taken of the wider effects of demolition on the building's surroundings and on the architectural, archaeological or historic interest of the conservation area as a whole. Proposals should be tested against conservation area appraisals, where they are available.

#### *Local lists of historic buildings*

9. Buildings that are of special architectural or historic interest at the national level are protected by Cadw through listing under the Planning (Listed Buildings and Conservation Areas) Act 1990. However, there are many other historic buildings that do not meet this national threshold, but which are nevertheless significant locally. These buildings are often held in high regard by local communities for their contribution to local character and memory.
10. As a national body, Cadw has responsibility for identifying buildings of special interest at a national level, but it is appropriate for the identification and protection of locally important buildings to be provided at the local level by local authorities. PPW sets out the Welsh Government's national planning policy for the protection of the historic environment and provides local planning authorities with the ability to identify historic assets of special local historic interest through local lists.
11. PPW outlines how local planning authorities can identify and give greater protection to assets through the planning system by developing local lists and appropriate policies for their conservation and enhancement in Local Development Plans (LDPs), which can be a powerful tool for the protection of local character. Importantly, local listing also provides an opportunity for a community to have a voice in the identification of historic assets of special local interest. Cadw has provided guidance at the following web link regarding [Historic assets of special local interest | Cadw \(gov.wales\)](#).

#### **Use of article 4 directions to protect other community land and buildings**

12. In the same way article 4 directions can be used to protect locally listed buildings, the process can be applied to other buildings of community importance by local planning authorities.
13. Preparing a strategy to protect land and buildings important to communities should be integrated with the preparation of the local development plan so key issues are addressed:
  - The identification of what land and buildings require protection – for example what level of community need is appropriate to justify protection from demolition. What

type of land uses warrant protection? Are there community facilities which are no longer needed or have little prospect of being brought back into beneficial use?

- Requirement for participation and consultation – Public consultation can help understanding of community needs in terms of land and buildings. Consultation is also important to help reconcile community need with the human rights of land owners and occupiers whose property rights may be affected.
- Co-ordination with other land use proposals – Securing land and buildings should be considered in the context of the local development plan strategy and objectives, including analysis of wider infrastructure needs, population changes and environmental pressures, with the overall aim of securing sustainable development.

### **Limitations of protection through land use planning and article 4 directions**

14. An article 4 direction removes the permitted development right granted by the GDPO and instead requires the demolition proposal to be the subject of a planning application. Planning applications must be determined in accordance with the development plan unless material considerations indicate otherwise. Unless protection of the community land and buildings is provided for in an LDP policy, then it might be difficult to justify refusal of planning permission for demolition.
15. Preventing demolition does not guarantee the use will continue. In seeking to prevent demolition, consideration would have to be given to future management of empty properties, such as addressing the visual impact of a deteriorating building fabric. There are, however, enforcement tools within the Town and Country Planning Act 1990 and related legislation (for example housing and environmental legislation) that can be used to mitigate this.

### **Changes to making Article 4 Directions**

16. Consultation was undertaken between November 2021 and February 2022 on proposals to amend how article 4 directions are made. It was proposed to remove the requirement for the Welsh Ministers to confirm article 4 directions made by local planning authorities before they come into force, thereby simplifying the process. The Welsh Ministers are currently considering the consultation responses in association with proposed amendments to the GDPO relating to second homes and short term lets, with a view to bringing forward legislation in the autumn.

PLANNING DIRECTORATE 05/08/22