

Senedd Cross Party Group on Industrial Communities
26th March 2025
(via Microsoft Teams)
Minutes of the meeting

1. In attendance

Luke Fletcher MS (Chair); Meirion Thomas, ICA Wales (Secretary to the Group)

David Rees MS; Cllr Gareth Jones, Rhondda Cynon Taf CBC; Ioan Bellin - Office of Delyth Jewell MS; Amanda Ellis - Office of Heledd Fychan MS; Cllr Neelo Farr, Bridgend CBC; Cllr Andrew Barry, Merthyr Tydfil CBC; Cllr Andrew Dacey, Neath Port Talbot CBC Ieuan Sherwood, Bridgend CBC; Michelle Rowson, Coalfields Regeneration Trust; Steve Fothergill, ICA National Secretariat

2. Apologies

Llyr Gruffydd MS; Cllr Jayne Smith, Rhondda Cynon Taf CBC; Cllr Emma Watts, Rhondda Cynon Taf CBC; Jane Lewis, Carmarthenshire County Council; Beth Winter, Coalfield Regeneration Trust.

3. Minutes of the meeting held on 27th November 2024

The Minutes as circulated with the meeting papers were accepted as a true and accurate record of the proceedings. No matters arising were raised by those present.

4. Correspondence with Cabinet Secretary for Economy, Energy & Planning, Welsh Government

Following the November 2024 meeting of the Group, as agreed the Chair wrote to Rebecca Evans MS, the Cabinet Secretary for Economy, Energy & Planning, Welsh Government.

The Chair conveyed the concerns of the Group regarding the potential for delays in the management of post 2026 funding if decisions and funds are channelled via the Welsh Government.

On behalf of the Cross Party Group the Chair urged the Cabinet Secretary to make strong and robust representations to the UK Government with regard to the scale and importance of local growth funding from April 2026 onwards to protect communities in Wales.

Further, the Chair urged the Cabinet Secretary to work together with the UK government and local authorities across Wales to ensure that the experiences and lessons from the management of the Shared Prosperity Fund are considered when management arrangements are agreed.

The Chair also invited the Cabinet Secretary to address a future meeting of the Cross-Party Group on this matter.

The Cabinet Secretary, via her office, responded via email noting that "this work is at a very early stage".

The response went on to say that the Cabinet Secretary would be "happy to update the cross party group in due course when things have progressed a little further".

A separate communication on the same topic that was received by the CPG Secretary in his capacity as the Director of Alliance Wales, was also reported. The letter contained further detail on the state of the discussions between the UK Government, the Welsh Government and the intentions regarding the local authorities. In particular, key paragraphs in the letter were noted:

“The UK Government has made a commitment to restoring devolved powers over regional funding to the Welsh Government following the conclusion of the UK Shared Prosperity Fund (SPF), a legacy programme implemented by the previous UK Government.

The Welsh Government is committed to a new post-2026 approach being co-produced and delivered with partners, including local government, to meet the goals of the Well-being of Future Generations (2015) Act and the Welsh Government’s strategic priorities for jobs and growth, reducing inequality and spreading wealth across Wales.

We expect to develop a new programme for Wales which builds on much of the work we have taken forward alongside local government. This includes the Framework for Regional Investment in Wales, which had widespread support, as well as our projects with the OECD on regional development and the lessons from the SPF and EU programmes.

Our Framework for Regional Investment included a commitment to devolving autonomy below the national level to the Corporate Joint Committees (CJCs) and local authorities. The close partnership with local government will be essential for effective multi-level governance and the Cabinet Secretary for Economy, Energy and Planning has committed to designing and agreeing post-2026 replacement EU funding delivery models and governance with the CJCs and local authorities.”

Professor Steve Fothergill, ICA National Director, commented that this letter confirms the information gained by the Alliance in its discussions at Ministerial and Civil service meetings in Westminster.

In particular, while it is the UK Governments express intention to respect the devolved administrations across the UK, including Wales, it is also its intention that funding will be devolved first to the Welsh Government and then further to the four regional Corporate Joint Committees (CJCs) for delivery.

The CPG members in attendance agreed that this is a key issue for the Industrial communities of Wales and their local authority representatives. The Chair was therefore asked to invite the Cabinet Secretary to attend a meeting of the CPG at her earliest opportunity to discuss this matter. Further, the Group indicated their willingness to arrange a special meeting at the Cabinet Secretaries convenience.

5. “Building Community Wealth” - the Coalfield Regeneration Trust’s Strategy to deliver a new vision for coalfield communities.

The Chair welcomed Michelle Rowson Woods (MRW), the Head of Operations for the Coalfield Regenerations Trust’s activities in Wales (CRT).

In thanking the Chair for the opportunity to address the CPG, MRW reflected on the 25% of the Welsh population who currently live in the old coalfield communities and on the statistical evidence that shows that this coalfield area remains the poorest region of its type across the whole UK.

CRT has been actively working to regenerate the coalfield communities of Wales for over 20 years with significant achievements and fresh challenges and opportunities ahead.

It has recently launched a new 5 year strategy (2024-2029) focussing on 5 missions:

Community; Health; Skills; Jobs; Climate

CRT’s strategy is further based on its approach of “Building Community Wealth” where any surpluses from their activities (including letting and managing community facilities and small business units) are recycled into the community so that there is a ‘virtuous circle’ of benefits retained within the community.

CRT's core funding from the Welsh Government (similar arrangements were in place for England and Scotland) was £1.4 million in 2011 (£2.4 m at 2025 prices. However, this has now dropped to just £600,000 and, with a further reduction on the planning horizon provided by the Welsh government, core funding will soon fall just £450,000.

Prudently recognising the likelihood of reductions in core funding across the CRT activities, CRT established CRT Property Investment Ltd in 2013 to allow it to invest in industrial and business property across the coalfield areas to house new business - both private and social enterprises , create new jobs, teach new skills and retain and recycle rental incomes into the CRT property portfolio, providing an endowment for future needs and opportunities.

Similar property and community building activities in Wales have, to date,§ tended to be more opportunistic and developed in partnership with other bodies including local authorities.

Recently however, CRT has developed a property investment proposal that is built on the good practice and proven track record of the CRT Property Investment Ltd experience across England's coalfield communities.

CRT in Wales has proposed that the Welsh Government should follow the UK Government's 2013 action and provide an endowment of between £12.5million and £15 million to allow a programme of property and small unit developments to get underway across the South Wales coalfield areas.

The proven model of CRT Property Investments Ltd where an initial portfolio with a value of £13.2million has grown to over £62.4 million and brought 27 new businesses and over 200 jobs to the coalfield communities has been offered as proof of the concept.

In recent days (19th March 2025), CRT in Wales has been informed by a senior Welsh Government official that the government is "unable to proceed with the legacy endowment" proposal.

The explanations provided are threefold:

- Concerns that the proposal (at £15 million) is "of sufficient magnitude to deliver a return on investment comparable to CRT's annual WG funding"
- Concerns that additional public support may be needed
- Concerns that there for commercial property there are "already multiple different public support mechanisms in place, making it a congested and complex landscape."

It was noted that this was a disappointing and somewhat confusing response from the Welsh Government.

MRW confirmed that, although the response has been a setback, planning is already underway to rethink the proposal and the arguments that need to be made.

The Chair opened the meeting for questions and points for discussion, posing an initial question regarding CRT's efforts to pursue other funding routes including for example, the Development Bank for Wales.

MRW confirmed that CRT has had discussions with a number of the funders described in the Welsh Government's letter as "multiple different public support mechanisms" including the Development bank, Social Business Cymru and the CCR Northern Valley Initiative team.

All are willing to consider partnering with CRT on specific property development opportunities. However, any funds lent to CRT as part of a funding package would carry commercial lending rates at a level that would remove any possibility of the investment generating surpluses that could be reinvested into the communities concerned for other activities.

Cllr Gareth Jones (RCT) asked whether the Tower Colliery site at Hirwaun has been considered by CRT as a suitable site.

MRW confirmed that Tower Colliery, Goatmill Road Merthyr and Nant y Cefn (Seven Sisters) are all sites where discussions are taking place. However, each of these is seen by other funders as strategic sites of commercial interest with opportunities for CRT's community wealth building approach regarded as 'soft' add-on to a hard-nosed property investment opportunity.

Cllr Andrew Barry (Merthyr Tydfil) was disappointed to hear that the Welsh Government considers scale to be an issue precluding them from supporting CRT's proposals. In his view £15m is a small investment given the scale of the challenges and the potential prize for the valleys.

In Merthyr Tydfil, SMEs are seen as the future for the communities in the coalfield communities and decision must be taken that will favour creating opportunities for small businesses to prosper and employ local people in the valley communities retaining profits, their wealth and building the next generation of skills and ambitions for young people.

Cllr Barry also noted that the forthcoming review of Local Development Plans in Wales should be used to put the development of small business units into more locations in the valley communities to at least indicate what might be possible.

The Chair drew the discussion to a close noting that it seemed from the discussion that CRT has the support of those at the CPG. Although the initial approach has drawn a blank, it was clear that further work and argument may well bear fruit. He urged CRT to keep pushing the arguments forward.

6. Any other business

No further items of business were raised.

Meirion Thomas (ICA Wales)
Secretary to the Cross Party Group