

Meeting of:	Cabinet
Date of Meeting:	Monday, 25 October 2021
Relevant Scrutiny Committee:	Environment and Regeneration
Report Title:	Transforming Towns: Support to Improve Town Centres
Purpose of Report:	To present an overview of the Welsh Government's Transforming Towns programme of investment and to make recommendations for governance and budget management arrangements.
Report Owner:	Deputy Leader and Cabinet Member for Education and Regeneration
Responsible Officer:	Rob Thomas - Managing Director
Elected Member and Officer Consultation:	Individual Ward Members have not been consulted on this report as this is a strategic issue and its impact is Vale wide. Committee Reports Inbox - Legal Services Operational Manager (Regeneration) Principal Tourism & Marketing Officer Operational Manager (Accountancy) Finance - Capital Accountant (Regeneration and Planning) Finance Support Manager (Regeneration and Planning)
Policy Framework:	This is a matter for Executive decision by Cabinet.
<p>Executive Summary:</p> <ol style="list-style-type: none"> 1. This Cabinet report presents an overview of the Welsh Government's Transforming Towns programme of investment for consideration (Recommendation 1). 2. The Transforming Towns Programme was launched by Welsh Government in January 2020 to address the decline in town and city centres and the reduced demand for high street retail. 3. The Council is prioritising its share of this programme of investment in the following town and district centre shopping areas (as defined in the Vale of Glamorgan Local Development Plan 2011 - 2026): High Street/Broad Street, Barry Town Centre; Holton Road, Barry Town Centre; Cowbridge Town Centre; Llantwit Major Town Centre; and Penarth Town Centre. 	

4. The report recommends delegated powers to finalise the Service Level Agreements for the Placemaking Grant 2021/22 and the Business Fund 2021/22 (Recommendations 2 and 3) and to authorise grants for third parties in Holton Road, Barry Town Centre (Recommendation 4). The report also recommends delegated powers to approve the use of the Placemaking Grant 2021/22 and the Business Fund 2021/22 (Recommendation 5).
5. Furthermore, the report recommends delegated powers (Recommendation 6) to prepare, complete and execute the required legal documentation with third parties for the purposes outlined in paragraphs 2.11 of the report; and delegated powers to appoint third-party suppliers/providers where required (Recommendations 7 and 8).
6. Recommendation 9 covers all budget management arrangements associated with this report.
7. Finally, in recognition of the urgent need to support on-going and emerging recovery measures required in our town centres because of the pandemic, the report recommends (Recommendation 10) the use of Article 14.14.2(ii) of the Council's Constitution (urgent decision procedure) in respect of the above recommendations.

Recommendations

- 1.** That Cabinet notes the progress made in respect of the Transforming Towns programme of investment.
- 2.** That delegated authority be granted to the Head of Regeneration and Planning (in consultation with the Deputy Leader and Cabinet Member for Education and Regeneration, the Head of Finance/Section 151 Officer and the Monitoring Officer/Head of Legal and Democratic Services) to undertake all necessary actions to agree the terms of the Service Level Agreements for the Placemaking Grant 2021/22 and the Business Fund 2021/22.
- 3.** That delegated authority be granted to the Monitoring Officer / Head of Legal and Democratic Services to prepare, complete and execute the Service Level Agreements for the Placemaking Grant 2021/22 and the Business Fund 2021/22.
- 4.** That delegated authority be granted to the Head of Regeneration and Planning (in consultation with the Deputy Leader and Cabinet Member for Education and Regeneration, the Head of Finance/Section 151 Officer and the Monitoring Officer/Head of Legal and Democratic Services) to approve grants in Holton Road, Barry Town Centre as outlined in paragraph 2.5 of the report; and that delegated authority be granted to the Monitoring Officer/Head of Legal and Democratic Services to prepare, complete and execute the required legal documentation with third party grant applicants.
- 5.** That delegated authority be granted to the Head of Regeneration and Planning (in consultation with the Deputy Leader and Cabinet Member for Education and Regeneration, the Head of Finance/Section 151 Officer) to approve the use of the Placemaking Grant 2021/22 and the Business Fund 2021/22.
- 6.** That delegated authority be granted to the Monitoring Officer/Head of Legal and Democratic Services to prepare, complete and execute the required legal documentation with third parties for the purposes outlined in paragraph 2.11 of the report.
- 7.** That the Head of Regeneration and Planning (in consultation with the Head of Finance / Section 151 Officer and the Monitoring Officer / Head of Legal and Democratic Services) be authorised to negotiate terms and conditions for the appointment of third-party suppliers/providers where required.
- 8.** That the Monitoring Officer / Head of Legal and Democratic Services (in consultation with the Head of Finance / Section 151 Officer) be authorised to prepare, complete and execute the required legal documentation to enable third-party suppliers/providers to be appointed where required.
- 9.** That changes to the 2021/22 Capital Programme as outlined in paragraph 4.1 of the report be approved; and that changes to the revenue budget as outlined in paragraphs 4.2 and 4.3 of the report be approved.
- 10.** That the use of Article 14.14.2(ii) of the Council's Constitution (urgent decision procedure) be authorised in respect of the above recommendations.

Reasons for Recommendations

1. To provide members with a progress update in respect of the Welsh Government's Transforming Towns programme of investment.
2. **and 3.** To obtain authority to enter into Service Level Agreements for the Placemaking Grant 2021/22 and the Business Fund 2021/22.
4. To obtain authority to approve grants in Holton Road, Barry Town Centre as outlined in paragraph 2.5 of the report; and, to prepare, complete and execute the required legal documentation with third party grant applicants.
5. To obtain authority to approve the use of the Placemaking Grant 2021/22 and the Business Fund 2021/22.
6. To obtain authority to prepare, complete and execute the required legal documentation with third parties for the purposes outlined in in paragraph 2.11 of the report.
7. **and 8.** To obtain authority to appoint of third-party suppliers/providers; and in doing so contribute to the delivery of future investment and development opportunities in our town centres.
9. To obtain authority for the funding to be included within the 2021/22 Capital Programme; and the revenue budget.
10. In recognition of the urgent need to support on-going and emerging recovery measures required in our town centres because of the pandemic.

1. Background

- 1.1 The Transforming Towns programme of investment was launched by Welsh Government in January 2020 to address the decline in town and city centres and the reduced demand for high street retail. The focus of Transforming Towns is the sustainable growth of towns and cities, and their transformation into places of living, working, learning and leisure.
- 1.2 Transforming Towns has adopted the *Town Centre First Principle*, and the Council as a local authority partner of Welsh Government is committed to putting the health and vibrancy of our towns centres as the starting point when it comes to making decisions around location investment and strategies.

2. Key Issues for Consideration

- 2.1 The Council is prioritising its share of the Transforming Towns programme of investment in the following town and district centre shopping areas (as defined in the Vale of Glamorgan Local Development Plan 2011 - 2026): High Street/Broad Street, Barry Town Centre; Holton Road, Barry Town Centre; Cowbridge Town Centre; Llantwit Major Town Centre; and, Penarth Town Centre. This is a continuation of the approach adopted in 2020 because of the pandemic (refer to Cabinet Report (21st September 2020), Town Centres Recovery Measures - minute C337 refers).

- 2.2 Currently the scope of the Transforming Towns programme of investment in the Vale of Glamorgan is as follows:

Placemaking Grant 2021/22

- 2.3 Placemaking Grant supersedes the Welsh Government's Targeted Regeneration Investment (TRI) Programme 2018/19-2020/21 (refer to Cabinet Report (29th July 2019), Cardiff Capital Region, Targeted Regeneration Investment, Thematic Grants Programme 2019/20-2020/21 - minute C65 refers).
- 2.4 Placemaking Grant is a continuation of the regional partnership and governance arrangements (aligned with the City Deal for South East Wales) developed under TRI, with Rhondda Cynon Taff County Borough Council continuing as the Lead Body.
- 2.5 Welsh Government has created a broad mix of capital interventions under Placemaking Grant to include themes such as public realm, green infrastructure and active travel. Placemaking Grant can offer support for the five retail areas identified in this report. However, two TRI thematic grant products which focus on bringing long-term vacant and underutilised commercial premises back into beneficial use are now part of the Placemaking Grant offer, namely: Commercial Property Improvement Grants (formerly Urban Centre Property Enhancement Fund); and, Residential Units in Town Centres (formerly Urban Centre Living Grant). Under TRI the above-mentioned grants were available in Holton Road. Holton Road with a vacancy rate of 13.98% / 26 no. vacant units (June 2021 - the highest in the Vale of Glamorgan) continues to be the focus of this workstream, and in this regard the report recommends a continuation of delegated powers to approve grant applications from eligible applicants (Recommendation 4).
- 2.6 However, it is to be noted that grant take-up in Holton Road has been hampered by the current annual budget arrangement. Given the economic uncertainty and consumer caution generated by the pandemic, developers are updating their viability tests and re-assessing their business plans but are finding it difficult to programme their projects around an annual budget arrangement. A rolling programme is urgently required to address this concern and prevent projects from stalling. This concern is also shared in the Report by Audit Wales (September 2021), *Regenerating Town Centres in Wales*, which recommends (Recommendation R3, page 11) that Welsh Government *move away from annual bidding cycles to multi-year allocations*. It is hoped that in light of the above Audit Wales report, action will be taken by Welsh Government to address this.
- 2.7 The report also recommends the use of delegated powers to approve the use of the Placemaking Grant 2021/22 in line with the Service Level Agreement (Recommendation 5).

Business Fund 2021/22

- 2.8 Business Fund is a package of revenue support for the five retail areas identified in this report. Investment is based around three themes that aim to increase footfall and vibrancy within town centres, namely meanwhile uses projects; marketing and events; and, digital support. Like Placemaking Grant the governance arrangements align with the City Deal for South East Wales, with Rhondda Cynon Taff County Borough Council as the Lead Body.

- 2.9** The report recommends the use of delegated powers to approve the use of the Business Fund 2021/22 in line with the Service Level Agreement (Recommendations 5).

Revenue Fund 2021/22

- 2.10** The Council has recently been awarded a revenue grant for 2021/22 financial year to part fund the preparation of a twenty (20) year regeneration programme for Barry. This workstream will support future investment in Barry and align investment opportunities such as the Levelling Up Fund with the Transforming Towns programme of investment.

SMART Towns (footfall counting equipment)

- 2.11** As part of an all-Wales initiative, Welsh Government has recently issued the Council with footfall monitoring equipment to be installed in the five retail areas identified in this report. This is considered a step change from the existing automated footfall counting arrangements, which is restricted to two locations in Barry Town Centre. Subject to agreeing financial terms, then delegated authority will be required for the Monitoring Officer / Head of Legal and Democratic Services to prepare, complete and execute the required legal documentation with property owners.

Town Centre Loan Scheme 2021/22

- 2.12** Cowbridge Town Centre with a vacancy rate of 11.6% / 20 no. vacant units (June 2021) is ranked second in the Vale of Glamorgan behind Holton Road. Officers are currently preparing a funding application for submission to Welsh Government, to establish a loan scheme for third parties, targeting the owners of empty commercial properties in Cowbridge Town Centre. Should the application be successful, then delegated authority will be required for governance and budget management arrangements.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

- 3.1** This workstream will be delivered through the five ways of working, as set out below:

1. Long Term - It is more efficient and sustainable to make the best possible use of our existing town centres.

2. Prevention - To prevent issues from escalating the Council will seek to work with businesses in the first instance, offering advice, assistance and options designed to help with the process of recovery.

3. Integration - This workstream builds on the work of the previous business support scheme for eligible rateable properties. The Council's cross service group will meet periodically to support information sharing; to review progress; and, to agree solutions to issues.

4. Collaboration - Close working is required with businesses, local interest groups and other key stakeholders over the life of this workstream to align investment plans and maximise the regeneration benefits for our town centres.

5. Involvement - This workstream is an opportunity to strengthen existing and develop new internal partnerships with teams and service areas whose work is pertinent to the issue; and, external partnerships with businesses, local interest groups and other key stakeholders.

4. Resources and Legal Considerations

Financial

- 4.1** Under the terms of the proposed Service Level Agreement for Placemaking Grant the Council has a notional budget of £554k, which is profiled for 2021/22 financial year. This is capital funding only and it is requested to include the Placemaking Grant in the 2021/22 Capital Programme with a budget of £554k, to be funded by a grant from Welsh Government (Recommendation 9). For the grant products available in Holton Road outlined in paragraph 2.5 of this report, the grant is made available up to a maximum intervention rate of 70% of reasonable eligible costs, up to a maximum grant award of £250,000. The applicant should therefore cover a minimum of 30% of eligible costs. The amount of grant offered will be assessed on an individual project basis. The applicant is paid in arrears. The maximum intervention rate for Council-led projects is also 70% of reasonable eligible costs. Match funding will be obtained from either the Capital Economic Regeneration Reserve or the Barry Regeneration Budget, and the Capital Programme will be requested to be amended accordingly using existing delegated powers as projects are identified. The Lead Body will add 5% to each Placemaking Grant claim made by a Partner Authority which will account for a management fee.
- 4.2** Under the terms of the proposed Service Level Agreement for Business Fund the Council has a notional budget of £100k for the 2021/22 financial year. This is revenue funding only and the grant intervention rate is 100%.
- 4.3** As regards the project outlined in paragraph 2.10 of this report, the funding award of £68,000 is revenue only and represents an intervention rate of 57% based on an overall budget cost of £120,000. Match funding has been secured from the Barry Regeneration Budget in the capital programme, re-classified as revenue.
- 4.4** As regards the project outlined in paragraph 2.11 of this report, installation and maintenance costs are currently in development as are the financial terms between the property owners and the Council.

Employment

- 4.5** There are no employment implications in relation to this report.

Legal (Including Equalities)

- 4.6** As regards the Service Level Agreements for the Placemaking Grant 2021/22 and the Business Fund 2021/22, each Partner Authority is required to agree that the Lead Body will accept the Grant as set out in the Welsh Government's Offer Letters. Furthermore, each Partner Authority acknowledges that payment of the Grant by the Lead Body to the Partner Authority will not take place until the funding pre-conditions set out in the Offer Letters have been satisfied and the Partner Authority has satisfied the requirements of the Claim Process. The Partner Authority shall comply with the Conditions in the Offer Letters and agree that they will fully indemnify the Lead Body in respect of any Non-Compliance and/or breach of the Conditions which is attributable to them and the Lead Body will fully indemnify them in respect of any Non-Compliance and/or breach of the Conditions attributable to the Lead Body. The report recommends the use of delegated powers to finalise the Service Level Agreements for the Placemaking Grant 2021/22 and the Business Fund 2021/22 (Recommendations 2 and 3).
- 4.7** The grants available in Holton Road outlined in paragraph 2.5 of this report are open to Freeholders, Leaseholders (with a minimum 7-year lease remaining on the property), Sole Traders, Partnerships, Limited Companies, Community Businesses, Co-operatives and Registered Social Landlords. For grants up to £49,999 a restriction is required in favour of the Council against the grant funded property/registered estate, to remain registered against the property for a period of 5 years from the date of the final payment. For grants of £50,000 or more a legal charge together with a restriction in favour of the Council is required against the grant funded property/registered estate, to remain registered against the property for a period of 5 years from the date of the final payment. Should the property title/estate have any existing charges or restrictions recorded against it then the applicant is required to assist the Council, as it so requires, in order to agree and complete a deed of priority that may be required to be entered into with any other party. Following the withdrawal of the UK from the European Union, and the end of the transition period on 31st December 2020, the EU State Aid rules no longer apply to subsidies granted in the UK, save for in limited circumstances. Under the new UK Subsidy Control rules, eligible applicants may be offered assistance under the Small Amounts of Financial Assistance provided that doing so does not exceed the maximum level of subsidy allowance equivalent of 325,000 Special Drawing Rights, to a single economic actor over any period of three fiscal years and includes any subsidy previously received as de minimis aid or as Small Amounts of Financial Assistance under Article 3.2(4), of the Trade and Cooperation Agreement from any subsidy awarding body. To ensure compliance, checks will be undertaken as part of the application process.
- 4.8** The project outlined in paragraph 2.11 of this report will require wayleave agreements between the property owners and the Council to allow the Council to run cables and place equipment. This would be subject to the preparation, completion and execution of the required legal documentation (Recommendation 6).

- 4.9** The provision of third-party loans outlined in paragraph 2.12 of this report would be subject to funding approval by Welsh Government and internal protocols for governance and budget management arrangements.
- 4.10** In procuring and appointing any contractor and/or external advisor regard must be had as applicable to the Council's Procurement Policy and Guidance. As appropriate, any procurement process will involve the use of the Council's standard terms and conditions of contract or industry standard terms and conditions of contract, which will serve as the basis for any contractual arrangements with third-party suppliers/providers.

5. Background Papers

[Vale of Glamorgan Local Development Plan 2011 - 2026.](#)

[Cabinet Report \(21st September 2020\), Town Centres Recovery Measures \(minute C337 refers\).](#)

[Cabinet Report \(29th July 2019\), Cardiff Capital Region, Targeted Regeneration Investment, Thematic Grants Programme 2019/20-2020/21 \(minute C65 refers\).](#)

Report by Audit Wales (September 2021), Regenerating Town Centres in Wales
<https://audit.wales/sites/default/files/2021-08/Town-Centre-Regeneration-English.pdf>