

**Owen Evans**

Dirprwy Ysgrifennydd Parhaol / Deputy Permanent Secretary

Y Grŵp Addysg a Gwasanaethau Cyhoeddus  
Education and Public Services Group



Llywodraeth Cymru  
Welsh Government

Darren Millar AM  
Chair  
Public Accounts Committee  
National Assembly for Wales  
Cardiff Bay  
CF99 1NA

28 October 2015

Dear Chair

## **PAC EVIDENCE HEARINGS: REGENERATION INVESTMENT FUND FOR WALES**

I said I would provide the Committee with additional information on matters that arose during the evidence sessions concerning the Regeneration Investment Fund for Wales (RIFW). This letter covers matters arising during my evidence session on 12 October and James Price and Chris Munday's session on 13 October

Responding to each of your points in turn:

- i. **King Sturge Valuation report.** As requested, a copy of the report is attached at Annex A. I would like to clarify any misunderstanding that may have arisen regarding the status of this report in the original evidence hearings. We recognise that elements of the information contained in the King Sturge report do seem to have been known outside government but as far as we are concerned the report was made available only to the organisations who were shortlisted under the tender that was conducted to recruit the RIFW fund and investment managers. I can also clarify that the King Sturge report was not sent to the RIFW board members. However the induction pack that was prepared for board members (see para vii below) did include a schedule of the land assets transferred to the Fund along with their transfer value. The report was also an important element of the source material that the investment managers were able to draw upon in preparing their asset realisation plan which was presented to the RIFW Board on 31 January 2011.
- ii. **Selection of land assets.** A note on the process we followed in selecting the land assets for transfer is at Annex B.

The Committee also asked for details of any previous marketing of the assets especially North Cardiff. The property was not marketed for sale prior to the transfer to RIFW. It had been in public ownership for approximately 25 years having been acquired by the Land Authority as part of its statutory remit to stimulate the supply of Housing Land in Wales. During the period of ownership the public sector had

however been a member of a group of landowners and option holders, known as the North East Cardiff Consortium, which over a number of years had made joint representation to Cardiff City Council to promote a wider site, totalling 568 acres between Pontprennau and Lisvane, for a mixed use development to include 4000 – 5000 homes, employment uses, leisure, retail and community uses. The details of the contacts with the consortium were passed to Amber and LSH, and is referenced in the asset realisation plan.

During your earlier evidence sessions the Committee also expressed an interest in whether we felt on reflection that it had been a mistake to include the Lisvane site amongst the land assets transferred to RIFW. Chris Munday suggested in his evidence that with the benefit of hindsight it may have been. I have discussed this with Chris and he and I are clear that his comments need to be seen in the context of the questions he was asked regarding the uncertainty which at that time surrounded Cardiff's Local Development Plan. Had there been clarity at the time about the final shape of the Cardiff LDP there may have been arguments that Lisvane should have been disposed of in a different way. But of course at the time the land was included in the package to be transferred to RIFW officials were not in a position to predict the outcome of that process. Looking back on those events, my own view continues to be that the Welsh Government acted reasonably in concluding that Lisvane should have been included in the land assets transferred to RIFW in 2010. I also think that the Welsh Government was entitled at that time to have expected that the arrangements which it put in place to realise the value of those assets should have been sufficiently robust to ensure that the sales process was able to achieve value for money and that where appropriate this should have included the use of overage clauses.

- iii. **Commercial transactions with off shore entities.** - The Treaty on the Functioning of the European Union applies to all procurement activity regardless of value, including contracts below the thresholds at which advertising in the Official Journal of the European Union is required and including contracts which are exempt from application of the EU Procurement Directives. One of the fundamental principles flowing from the Treaty is the equal treatment and non-discrimination of potential suppliers. The Welsh Government would therefore be unable to exclude consideration of off-shore entities nor would we be entitled to include any consideration of future tax revenues in determining whether or not to engage in a commercial transaction with a particular organisation.
- iv. **Fire sale references** – You also asked about the policy considerations surrounding James' reference to a potential 'fire sale'. Looking back over his testimony I think James' comments were quite clear in explaining that this was a reference to the wider context within which officials were operating at that time rather than referring to a policy adopted with regard to the Fund. James' comments were I thought a helpful reminder of the broader economic context within which the Welsh Government decided to utilise land assets to take advantage of the Jessica funding model. That wider context served to underline the need for innovation and the need for urgent action.

Since we attended those earlier sessions, I have also had my attention drawn to the initiatives being pursued by the UK Government with regard to the sale of public

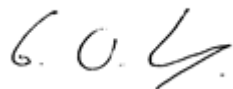
land at around the same time. This interest in realising the value of assets was made explicit during the Chancellor's budget announcement in March 2011. The Committee may also be interested in the additional technical analysis which I have commissioned on the market commentary prepared by Savills which was referred to in the earlier session. This analysis is attached at Annex C.

- v. **Cardiff LDP representations** – We have received a detailed report from our Planning Department on their involvement in the Local Development Plan process in Cardiff. This note is attached at Annex D. Our policy is not to include departments outside the Planning Department in such representations due to the quasi-judicial nature of the process.
- vi. **Induction packs.** Please find enclosed at Annex E a package of the material produced to inform the training we provided to the original Board members. I am also enclosing a copy of our letter of appointment which also helps to describe our expectations regarding the role of Board members.

I would also like to take the opportunity provided by this further communication with the Committee to reiterate some of the points I made in the earlier evidence sessions about shortcomings in our corporate oversight of RIFW during the crucial early stages of the project. One of the most important lessons for the Welsh Government to learn from the RIFW experience is that when major projects transfer from one department to another – as was the case with RIFW – we need robust procedures to be in place to highlight the potential risks surrounding such projects and the risks arising from the process of transfer. This is not a matter of whether or not the Welsh Government observer in this case should have been reporting back matters relating to the conduct of an arms length body. The failure in this case was that we did not have sufficiently strong corporate procedures in place to highlight those sorts of risks. And as I also made clear in my earlier evidence neither did we provide sufficient guidance to the members of staff involved as to how they should deal with those risks.

I mentioned Principal Accounting Officer (PAO) Note 007 in my earlier evidence but we did not have the opportunity to discuss it. I am therefore appending a copy of this note as Annex F to this letter. The note sets out our new procedures for transferring important items of business between departments. Annex F also includes an example of the how this policy was delivered in practice as far as RIFW was concerned following the Cabinet reshuffle announced by the First Minister on 11 September 2014. I believe that it demonstrates a far more active approach to the management of major projects by Welsh Government. It demonstrates that we are now far more sensitive and likely to respond to the issues that can arise when responsibility for such projects moves between departments. And I think it shows clearly that we are committed to the development of corporate systems which do not leave too much to the discretion of individuals whilst also creating an environment where innovation is possible without losing sight of the need to manage associated risks.

I did not get the opportunity to elaborate on these points in the earlier evidence session but the thinking behind PAO 007 does in my view highlight the important change in our approach which I have witnessed since 2011 and which with my senior colleagues I am committed to pursuing still further in the years to come.

A handwritten signature in black ink, appearing to read 'O. Evans', with a stylized flourish at the end.

**Owen Evans**  
**Deputy Permanent Secretary**

Welsh Assembly Government  
Department for the Economy and Transport  
Plas Glyndwr  
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CF10 3AH

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**REPORT**

AND

**VALUATION**

ON

**PHASE 1, PHASE 2 AND PHASE 3  
JESSICA ASSETS**

AS AT

**1 OCTOBER 2009**

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## 1 INTRODUCTION

### 1.1 INSTRUCTIONS

1.1.1 In accordance with your instructions, we have inspected and valued the freehold interests in the properties on the following bases:

- Market Value
- Market Value – on the special assumption of agricultural use only in respect of Lisvane, Pyle, Monmouth, Towyn, Pen-y-Bryn (St Asaph) and Abergele.

1.1.2 Our valuation advice has been prepared in accordance with the Basis of Valuation and Valuation Assumptions set out in **Appendix 26** and in accordance with the current edition of the Valuation Standards published by the Royal Institution of Chartered Surveyors. The bases of valuation are those used in the Standards and are further explained in **Appendix 26** attached.

1.1.3 We confirm that in accordance with our confirmation of instructions letter, our legal liability in providing this valuation report will be limited to £20million and that we have adequate professional indemnity insurance cover in this regard.

1.1.4 We understand that the Welsh Assembly Government has adopted a policy that buildings constructed on land it sells in the future will be required to comply with BREEAM Excellent in respect of commercial development and in some instances The Code for Sustainable Homes Level 4 and above in respect of residential development. There is limited market evidence and information available to demonstrate the adverse impact of such policies on values and our valuations, as instructed, do not have regard to those specific WAG requirements in arriving at Market Value.

### 1.2 INSPECTION

1.2.1 The properties were inspected and measured during September, October and November 2009 by Lee Lapham, Helen J James and James Williams, who are the authors of this report. We confirm that these surveyors have the necessary experience in this type of property in these locations in order to undertake this valuation. This valuation has been overseen by Lee Lapham MRICS, Partner in the Cardiff office.

### 1.3 STATUS OF VALUER

1.3.1 In preparing this report, we confirm that King Sturge are acting as external valuers as defined in the Standards. We can also confirm that we consider ourselves to be independent for the purposes of this instruction.



## 1.4 VALUATION DATE

1.4.1 The properties have been valued as at 1 October 2009.

## 1.5 CONFLICT OF INTEREST

1.5.1 We confirm that we have had no prior formal involvement with the properties, with the exception of undertaking the annual asset valuation, as at 28 February 2009. We consider therefore that we do not have any conflict of interest in providing the advice that you have requested.

## 2 VALUATION

### 2.1 MARKET VALUE

2.1.1 Having regard to the facts and assumptions set out in the Valuation Reports, we are of the opinion that the **aggregate Market Value** of the **freehold** interests in the Phase 1, 2 and 3 properties, subject to and with the benefit of the leases/licences but otherwise with vacant possession, and as at 1 October 2009, is **£29,831,000-£35,581,000** (Twenty Nine Million Eight Hundred and Thirty One Thousand Pounds-Thirty Five Million Five Hundred and Eighty One Thousand Pounds) apportioned as follows:-

#### MARKET VALUE - PHASE 1 ASSETS

PROPERTY	MARKET VALUE
Imperial House and Imperial Courtyard, Newport	£5,200,000
Church House Farm, Maerdy Farm and Llwynypia Farm, Lisvane, Cardiff	£1,835,000/£6,100,000
Croes Atti, Oakenholt, Flint, North Wales	£3,200,000
Wrexham Industrial Estate, Wrexham	£2,450,000
Gwynfaen Farm, Loughor, Swansea	£2,575,000
<b>TOTAL PHASE 1</b>	<b>£15,260,000/£19,525,000</b>

#### 2.1.2 MARKET VALUE – PHASE 2 ASSETS

PROPERTY	MARKET VALUE
Llantrisant Business Park, Llantrisant	£330,000
Upper House Farm, Rhoose	£2,700,000

Cogan Hall Farm, Penarth	£350,000
Garth Park, Talbot Green	£210,000
Goetra Uchaf Farm, Bangor	£1,500,000
Ty Mawr, Llanfairpwllgwyngyll	£150,000
South Sebastopol, Cwmbran	£2,400,000
Ty Draw Farm, Pyle	£100,000/£450,000
Mayhew Foods, Aberdare	£300,000
<b>TOTAL PHASE 2</b>	<b>£8,040,000/£8,390,000</b>

### 2.1.3 MARKET VALUE – PHASE 3 ASSETS

PROPERTY	MARKET VALUE
Anchor Way, Penarth	£100,000
Wonastow Road, Monmouth	£990,000
Ynysallan Farm, Llantrisant	£50,000
Towyn Way East, Towyn	£155,000/£735,000
Pen Y Bryn, St Asaph	£230,000/£700,000
Hotel Site, St Asaph Business Park	£516,000
St George Road, Abergele	£90,000/£175,000
Waenfynydd Farm, Llandudno	£520,000
Glasdir Road, Ruthin	£3,880,000
<b>TOTAL PHASE 3</b>	<b>£6,531,000/£7,666,000</b>

2.1.4 The lower values reported on Lisvane, Pyle, Monmouth, Towyn, Pen-y-Bryn, (St Asaph) and Abergele are on the special assumption of agricultural use only. Sales of these assets on this basis would necessitate overage clauses to protect the vendor in the event of planning being forthcoming in the future for higher value uses.

### 3 CONFIDENTIALITY

- 3.1.1 This Valuation Report is provided for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its content. The basis of valuation may not be appropriate for other purposes and should not be so used without prior consultation with us.
- 3.1.2 Neither the whole nor any part of this Valuation Report nor any reference thereto may be included in any published document, circular or statement, nor published in any way without our written approval of the form and context in which it may appear.



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**Report Date: 4 December 2009**

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## **Asset Selection Process and Timeline**

### **April 2009**

Project Work stream established, membership comprises –

- WG Officials - Two Chartered Surveyors
- Navigant Consulting - Project Management and link to other workstreams
- Savilles – Market advice and town planning
- Arup - Technical

### **May – June 2009**

Initial desk-top sift using WG asset register and annual asset valuation. Criteria was to select assets for readiness for sale in the context of market knowledge, vacancy level of investment property, location (properties in “secondary” locations known not to have good market demand)

Long List of 25 properties (with an aggregate book value of £62.0m) established and all sites physically viewed and regional WG property managers consulted.

Final Long List – 18 properties with an aggregate book value of £48.41m

Assets filtered through an Asset Evaluation Tool (AET) developed by the workstream

- Work needed to establish value (eg Surveys)
- Book Value
- Works required to enhance value ( Physical or management)
- Cost to prepare for sale
- Estimated date when could be sold
- Estimated disposal value

Initial Short List established and Legal and technical Due Dilligence instructed

### **July 2009**

King Sturge instructed on valuation of Short List – this identified the additional information required by valuers,

### **August – November 2009**

Detailed due diligence information assembled and properties removed/added from list as issues arise.

### **December 2009**

King Sturge valuation, as at 1/10/09, showed an aggregate value of £29.8m to £35.8m. The valuation highlighted the issue of hope value.

Hope value issue considered by project work stream, including consultation with WEFO. King Sturge advice was that in the prevailing market the preference of housing land buyers was to pay existing land value and accept an overage provision to share in any uplift in value in the longer term with the seller. Specifically King Sturge stated that in relation to Lisvane that ; “At the date of valuation the planning

process is at an early stage with no meaningful indication as to whether the site has a prospect of achieving an allocation in the short, medium or long term.”

The initial transfer from Welsh ministers was to an entity that is 100% owned by Welsh Ministers and that it would be a future purchaser from the fund that could create uplift in value. WEFO required a valuation of the match fund assets to be that which an asset could be realised with certainty, otherwise there was a risk of a shortfall in match funding in future.

### **January 2010**

Review of properties and values in the light of valuers observations on each asset and market conditions. This review resulted in five properties being removed from shortlist and one reduced significantly reduced in size. Sites at Brackla and Upper House Farm introduced instead, these had been in earlier long list but initially ranked behind other sites in terms of “saleability”.

### **February – March 2010**

King Sturge provided updated valuation of final transfer assets.

### **Approval Process**

The approval of the transfer of assets to RIFW was the same as applied, at that time, to any property asset disposal. In the case of Lisvane the transfer was approved by the Deputy First Minister as part of the overall portfolio transfer to RIFW and the subsequent management approval followed a tightly defined process that was recorded in hard copy, involving:

- Recommendation by a surveyor
- Financial Review of the outline of the transaction, including transfer value and book value comparison
- Approval by delegated authority holder, Regional Director South East Wales

## Market Commentary

When the Auditor General Wales wrote to the Chair of the Public Accounts Committee he quoted from the Savills valuation report:

*‘Cardiff residential land values, particularly in the suburbs have recovered almost to pre-crash levels in early 2007 and in most cases were sold by tender with competitive bidding’.*

These matters were also referenced to during the PAC evidence hearing.

The Savills report highlights the following site specific constraints for the Lisvane site :

- Site forms part of a larger parcel being promoted by others
- The North East Cardiff is a ‘loose’ consortium and no equalisation agreements have been entered into
- Fractured ownership may be considered by the planning authority as an impediment to delivery
- Political opposition to greenfield land releases
- Competition from other candidate sites.
- As part of a larger consortium site, Savills took a far more pessimistic view on the amount of land on the subject site that would be developable.

All of the above factors would have a significant effect on value. As well as deducting the usual costs for all planning gain (including affordable housing), infrastructure and abnormal costs, they make other significant deductions for planning and consortium risks.

To a certain extent Jonathan Smart (DTZ) in his Wales On-line article in supports Savills view:

*‘... on the surface the housebuilding industry has staged a remarkable, if partial, recovery from the depths of the recent recession. While housebuilders have had to absorb losses and refinance loans, they are now slicker organisations more suited to the current market.’*

But he goes onto say:

*‘They are building smaller schemes, in more attractive areas and are now more focused on increasing margin, not volume, to deliver profit.*

*However, with current affordable housing requirements, the costs of obtaining a planning consent, costly Section 106 contributions to include education, leisure and highway contributions, coupled with additional abnormal costs (demolition, abnormal foundations, surveys etc), the net sale proceeds are often considerably lower.’*

We need to be careful in seeking to compare market sentiment for relatively small sites (up to 5 acres) against a 121 acres site on the fringes of Cardiff with no planning designation.

In terms of the macro – economic picture, there are a number of relevant extracts within section 4.2 of the District Valuer’s report:

*‘In spite of the on-going high level of national debt and limited economic growth, some market improvements are being seen post 2008. The UK economy remains fragile but a number of market indicators show a positive direction of travel over the valuation period, with a gradual improvement in market conditions and market confidence.*

*... the market intelligence gathered and transactional evidence seen it is clear that there is a gradual improvement in property market conditions since the 2009 valuation date. However, the levels of market activity are still subdued and it is therefore difficult to be certain that a sustained and entrenched recovery is in place.’*

Finally, the JLL South Wales report 2012 is very informative as it links the economic outlook at that time to the residential market:

### ***Economic Outlook***

*By mid-2011, it was clear that the global economic upturn was running out of steam and the UK economy was slowing. Towards the end of 2011, the Eurozone crisis increased the risks and the prospect of a “double-dip” recession. There have been tentative signs of an improvement in confidence at the start of 2012, but the short-term outlook is expected to remain weak.*

*In 2011 Q4, UK GDP contracted and the fear is that there will be a further dip in Q1. Forecasts for growth in 2012 as a whole have also been steadily downgraded and a rise of just 0.3% is now in prospect. This means output will remain well below its 2008 peak until next year. In effect, the “great recession” and the slowest recovery on record will have resulted in a lost half-decade of UK growth.*

### ***Residential Market***

*We predicted for 2011 that house prices would on average decrease by 2-4% in Wales and we would make the same prediction for 2012, as risk remains on the downside.*

*The short term outlook is a continuation of low levels of activity, with the main risk factors being the illiquidity in the mortgage markets, economic uncertainty particularly in the Eurozone and unemployment levels.*

*The medium/long term outlook is more positive, particularly if the availability of mortgages increases, base rates remain stable and the overpaying of mortgage debt continues.*

*House builders will, in our opinion, remain selective on land acquisitions, with demand remaining focused on prime unit housing sites. Secondary sites are only likely to be of interest on deferred payment terms, plot by plot, or via options.*

*The detail of Section 106 obligations and affordable housing will remain contentious in terms of their impact on viability, against the public sector requirements for improved infrastructure and affordable housing.*

The issue we now need to understand is what would have been the market sentiment for 121 acres of urban fringe land in Cardiff with no planning designation other than agricultural in 2011. It is clear from the above that in recovering from the depths of the recession the focus for national house builders had changed as reflected above. There was certainly enough doubt about the economic prospects and market sentiment at the time for decisions taken to be influenced by concerns that values might reduce rather than increase. This suggests that the view which has been expressed that Lisvane had a high certainty of being developed at considerable value per acre to be applicable only with the benefit of hindsight.



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**From:** [REDACTED]@wales.gsi.gov.uk  
**Sent:** 27 October 2015 12:29  
**To:** [REDACTED]@wales.gsi.gov.uk  
**Subject:** FW: RIFW - Land NE of Cardiff  
**Attachments:** 20100407-CardiffLDPwithdrawal-ReplyToPINS.pdf;  
CardiffDepositResponseLetterFINAL-20090609.pdf; Cardiff covering letter Reg 15  
Nov 07.doc; Cardiff LDP Reg15 PreferredStrategyRespFILE ONLY ANNEXWith  
ScTeamRefs Nov07.doc

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**From:** [REDACTED]  
**Sent:** 19 October 2015 14:57  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** RIFW - Land NE of Cardiff

[REDACTED]

The land in question, land to the NE of Cardiff/south of the M4, has a chequered history of being in and out of development plans in Cardiff over a period of time. I will give a short history for you to follow, along with links.

Cardiff Council benefits from several parts and versions of structure plans, some pre-dating and following the last round of local government reorganisation. These still remain the extant, or operative development plan for Cardiff. They can be found at:

<https://www.cardiff.gov.uk/ENG/resident/Planning/Planning-Policy/Existing-plans/Pages/Existing-plans.aspx>

Cardiff Council then embarked on preparation of a Local Plan (which did not allocate land in NE Cardiff) and formally adopted this plan January 1996. This also forms part of the extant development plan and can be located through the same link.

Following the Local Plan, Cardiff then embarked on preparation of a Unitary Development Plan (UDP) which did allocate land at NE Cardiff for homes, contrary to the Local Plan. The UDP was approved for development management purposes, not a formally adopted development plan as per the regulations. This strictly does not form part of the extant development plan, but could be a material consideration in decision making.

Following the UDP the Council then embarked on preparation of a Local Development Plan (LDP). The Council progressed this plan through the following statutory stages:

Welsh Government's formal response to Cardiff Council's Preferred Strategy LDP – 27/11/07

Welsh Government's formal response to Cardiff Council's Deposit LDP – 09/06/09

The usual course of action is that when a plan is submitted for examination it then proceeds through the examination process. However, in this instance the examination did not take place, instead an Exploratory meeting was held to determine if the plan could progress. Following this public meeting the appointed Inspector concluded that the plan could not progress and recommended withdrawal. Due to the Ministers powers in the process a formal response stating

that Welsh Minister's would not intervene was issued; therefore the plan and all supporting evidence was withdrawn.

Following withdrawal of the LDP, all documents relating to the plan were withdrawn (in accordance with Regulation 26 Town and Country Planning (Local Development Plan) (Wales) Regulations 2005). Consequently, all the above documents, along with those to support the plan are no longer in the public domain.

The Council then continued progression of a further LDP, the plan currently being examined. The relevant formal document at the statutory stages can be located on Welsh Government's website:

<http://gov.wales/topics/planning/development-plans/ourrole/local-development-plans-official-responses/?lang=en>

The formal hearing sessions into the LDP have now finished. The appointed Inspector has indicated that her report may be published December 2015 which, due to the LDP Regulations indicating must be adopted within 8 weeks, would indicate formal adoption of the plan by March 2016.

As a course of procedure, Planning Division does not comment on individual allocation/planning applications. The tendency is to comment on topics, such as housing, or location through strategy and sustainability assessments. Comments are made in accordance with Planning Policy Wales (PPW) and relevant Technical Advice Note (TAN), minerals equivalent and appropriate regulations and Circulars. Ministerial letters on relevant matters may also be taken into account. Detail on what constitutes a material consideration can be found in PPW and case law.

With regards to specific parcels of land you will need to look at the relevant plan at a point in time, its status at that point, materiality of the policy/evidence, other contextual circumstances, i.e. 5 year housing supply, Council policy etc. The dates and timings of all elements will be critical. As Planning Division apply policy consistently across the board we do not have direct contact with those promoting sites, or those with a financial interest. This is normal.

I trust this is of assistance,





Mr Dave Holtam  
Development Plan Group  
Strategic Planning & Environment  
Cardiff Council  
County Hall, Atlantic Wharf  
Cardiff CF10 4UW

Eich cyf • Your ref P/SPD/10.5  
Ein cyf • Our ref A-PP030-01-005  
27/11/2007

Dear Colleague

**CARDIFF LOCAL DEVELOPMENT PLAN (2006-2021):  
PREFERRED STRATEGY REGULATION 15 CONSULTATION  
WELSH ASSEMBLY GOVERNMENT RESPONSE**

Thank you for consulting the Welsh Assembly Government regarding the Cardiff Local Development Plan pre-deposit documents. We are pleased to see progress being made in furthering a development plan for the area.

It is for the statutory consultation bodies and their equivalents to contribute to Sustainability Appraisal (SA) including Strategic Environmental Assessment (SEA) and Habitats Regulation Assessment exercises and your expert group to help you assess if they are fit for purpose.

As always, we would urge you to seek your own legal advice to ensure that you have met all the procedural requirements, including screening for SEA, because responsibility for these matters rests with your Council.

In respect of the other pre-deposit documents we would refer firstly to the new approach to examining LDPs and the way we to address this stage of pre-deposit documents involving the preferred strategy, options and other background material from a policy perspective. Please note that there will be a need to obtain and consider advice and representations from other relevant Assembly Government Divisions regarding candidate site proposals or aspects of detailed site assessment.

In the past our comments at UDP pre-deposit draft stage would have been in the form of specific objections to policy omission, relevance or wording which, if not addressed at



deposit or pre-inquiry changes, would be considered by the Inspector in arriving at the recommendations in the Inspector's Report.

Under the new system, the responsibility rests with the local planning authority to ensure that a submitted LDP is sound in procedural terms and enshrines the principles of early community engagement, transparency, consistency, coherence and compatibility to neighbouring authorities. If these principles have not been addressed adequately at the earliest stages of preparation, then the deposit LDP may be considered unsound and unfit for examination.

Without prejudice to the Minister's discretion to intervene later in the process and to the independent examination, the Assembly Government is committed to helping local planning authorities minimise the risk of submitting unsound documents by making appropriate comments at the earliest stages of document preparation, and particularly at the Regulation 15 pre-deposit consultation stage.

To do this, the Assembly Government looks for clear evidence that the ten tests of soundness (as set out in 'LDP Wales' and the 'LDP Manual', and explained further in guidance issued by the Planning Inspectorate) are being addressed.

Having considered all the submitted documents provided by Cardiff Council under Regulation 15, we acknowledge the amount of work undertaken by the authority to reach this stage. We also appreciate that the LDP system is new and that authorities are having to learn as they progress. We are aware that the authority has been involved in spear-heading much of this work, in association with the South East Wales LDP Pathfinder Group.

To ensure your authority secures a sound plan in due course, we have provided a strategic assessment of the Preferred Strategy document (as supported by the other documentation you have provided). We have indicated where evidence of soundness is not immediately clear. The annex to this letter sets out the detailed comments of the Assembly Government on the Preferred Strategy document; some comments relate to more than one test of soundness and we have provided cross-references where most appropriate.

We have previously provided informal comments to your authority when we met with your officers in September. These informal responses highlighted some areas of concern. We note that you were not able to take account of all the comments made because of timing but this means that there still remain some substantive matters as outlined below, which need to be addressed well before you produce a deposit plan. We suggest that to support your on-going self-assessment regarding soundness, you take steps to improve or provide:

- better flow and linkage between parts of the work so that it demonstrates **coherence**. While key trends were well explained, the issues resulting from the trends were not so well identified.
- **explicit explanation of how** the evidence base, the key land-use issues, the analysis of the wider context and particularly how the plan objectives have been used to assess the options and to arrive at the preferred strategy.
- a more **transparent** link between the plan issues, vision, objectives, policies and the indicators. The Community Strategy visions set out an ambitious view of the sort of place Cardiff should be, but this **local distinctiveness** has not been carried forward into the plan objectives.
- **how key national policy** issues (such as affordable housing, flooding, climate change, infrastructure availability, coal resource safeguarding, waste, etc), have affected the development of the Preferred Strategy at a strategic level.
- evidence of liaison with **neighbouring authorities** (in addition to the Housing Ministerial Interim Planning Policy Statement apportionment work) and consideration of how Cardiff's strategic land use aspirations mesh with those of other nearby areas.

- how the strategy will address uncertainty and yet achieve the identified objectives. The deposit plan will need to be **flexible** enough to respond to circumstances such as emerging regional work (WSP, RTP, etc.) and evolving national/regional population/housing numbers, and to include **contingency** approaches if the private sector are unable to deliver or the planned infrastructure required cannot be funded.
- consideration of the **local spatial implications** e.g. the strategic distribution of growth within the current urban area as proposed in the preferred strategy. The strategy included in the deposit plan should be as place-specific as possible signalling the anticipated role of places and areas of the city identified for change on the key diagram, outlining the implications for local communities.
- the **focus and detailing of the strategic policies** in order to show how they deliver the preferred strategy, to improve on their distinctiveness, and also to avoid them repeating national planning policy unless developing its application to the local area as recommended in the 'Planning Policy Wales Companion Guide'.
- a **monitoring framework** with indicators based on the plan objectives, that will allow the **delivery** of the strategy to be properly managed.

Providing data exists and work has been undertaken where apparent gaps in the evidence base have been identified, we believe that much of this advice can be accommodated by refining and including emerging background material, for the deposit plan and its supporting documentation. This should not delay deposit plan preparation and should improve the prospects of the plan being deemed sound.

You should document your response to our comments in your Consultation Report.

To assist your authority in taking forward the LDP, we recommend that we meet your officers to discuss our response at the earliest opportunity. If you have any queries in relation to the response, please contact Hywel Butts (on 029 2082 1619) or myself.

Yours sincerely

**Jeff Phillips**  
**Plans Management and Performance Branch**

*(enclosure – annexe)*

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<b>P1 - Prepared in accordance with the Delivery Agreement including the CIS</b>	
<u>Comments</u>	<u>Suggested Actions</u>
We assume that the Preferred Strategy has been prepared in accordance with the Delivery Agreement. Please advise if this is not the case. <b>P3</b>	N/A

<b>P2 - Subjected to Sustainability Appraisal including Strategic Environmental Assessment (and Habitats Directive Appropriate Assessment)</b>	
<u>Comments</u>	<u>Suggested Actions</u>
We note that: <ul style="list-style-type: none"> <li>- the Council's 'Initial Sustainability Appraisal Report, October 2007' is also available for inspection and comment;</li> <li>- paragraph 1.5 refers to the above consultation document and that the Council proposes an integrated approach to SA and SEA;</li> <li>- paragraph 4.10 sets out the SA objectives;</li> <li>- Appendixes to the Initial Sustainability Appraisal Report contain specific appraisal of the LDP objectives, strategic options and strategic policies;</li> <li>- Appendix 4 contains the Habitats Regulations Assessment work undertaken to date, and that further work is required.</li> </ul> <b>P3</b>	N/A

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<b>C1 It is a land use plan which has regard to other relevant plans, policies and strategies relating to the area or to adjoining areas.</b>	
<b>Comments</b>	<b>Suggested Actions</b>
<p>We note that Chapter 3 of the preferred strategy aims to provide the national, regional and strategic context for the LDP and refers to a number of key <b>relevant plans, policies and strategies</b>: WSP, WSP area strategy, Planning Policy Wales, Minerals Planning Policy Wales, SEWSPG work, emerging Regional Transport Plan, South East Wales Regional Waste Plan, The South Wales Regional Technical Statement for Aggregates, the Cardiff Community Strategy 2007-2017. Technical Appendix 1 of the SA/SEA Scoping Report also contains the review of Relevant Policies, Plans and Programmes.</p>	
<p><b>Neighbouring Authorities</b> The key policy framework within which the Preferred Strategy has been prepared is identified, with particular emphasis on how it relates to the Community Strategy. Although it is referenced, there is less evidence of detailed analysis of Cardiff's role within South East Wales.</p> <p>Whilst the document makes a number of references to Rhondda Cynon Taf, other neighbouring authorities within the South East Wales Strategic Planning Group are given little mention. Are there any other cross-boundary issues here which need to be explored?</p> <p style="text-align: right;"><b>PolicyPR</b></p> <p style="text-align: right;"><b>PINS</b></p>	<p>Ensure adequate collaborative working with neighbouring authorities takes place, is transparently recorded and that it influences, and is shown to be continuing to influence, the preferred strategy.</p>
<p><b>Housing</b> Chapter 3 provides linkages to the Wales Spatial Plan and particularly the relevant area work on apportionment of the Assembly Government sub-national household projections. There is limited reference to the authority's Community Strategy (although this is further clarified in Chapter 4) but no reference at all to the existing or emerging local housing strategy.</p> <p style="text-align: right;"><b>HsgJA</b></p>	<p>Provide explanation of how the preferred strategy takes account of the local housing strategy, or is sufficiently flexible to accommodate any emerging strategies.</p>
<p><b>Waste</b> Paragraph 3.20 – no mention is made here of the current review of the Regional Waste Plan which has issued for consultation this Autumn and will be finalised early in 2008.</p> <p style="text-align: right;"><b>PolicyJS</b></p>	<p>Ensure the LDP reflects the latest Regional Waste Plan.</p>

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<b>C2 It has regard to national policy.</b>	
<b>Comments</b>	<b>Suggested Actions</b>
<p>LDP Wales (and the PPW Companion Guide) makes clear that though LDPs must have regard to national policies, they should not repeat them, but rather explain how they apply to the local area. The draft strategic policies in the preferred strategy document should be the key delivery mechanisms for areas of change in the preferred spatial strategy (LDP Manual paragraph 6.5.1).</p> <p><i>N.B. Comments in relation to national policy are included under soundness tests CE1 &amp; CE2</i></p>	<p>See comments under soundness tests CE1 &amp; CE2</p>

<b>C3 It has regard to the Wales Spatial Plan</b>	
<b>Comments</b>	<b>Suggested Actions</b>
<p>Overall this document has made good links with the Spatial Plan, in particular making the links between strategic options outlined in Section 5 and the potential fit with the SE Spatial Plan work.</p> <p>Section 6 outlining the Preferred Strategy also has good links with the Spatial Plan work and follows the principles agreed at the Spatial Plan SE Ministerial level.</p> <p>More could be made of the work, with more clarification on working with neighbouring LPA partners (see also Test C1), to supplement the references peppered throughout sections 3, 5 and 6. Possible topics for joint working/collaboration include: waste, regional economic growth especially the Knowledge Economy, and an assessment of the impact any expansion of the city might have – although it is noted that the LDP specifically states there is no need to expand the city at this time, and no need to use any greenfield/greenbelt land to satisfy housing requirements.</p> <p style="text-align: right;"><b>WSPjm</b></p> <p>The 'vision' of the Wales Spatial Plan South East Interim statement refers to the South East Spatial</p>	<p>To note</p> <p>Ensure evidence is provided on the areas of joint working identified.</p> <p>Ensure regard is given to all aspects</p>



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<p>Plan region becoming a 'Low Carbon City region that manages its resource use, energy and travel.' In the 'Policy Framework' chapter the Wales Spatial Plan is mentioned but its economic objectives for the region are given more emphasis than its social/environmental objectives (i.e. Cardiff's role in the development of a low-carbon city region.)</p> <p style="text-align: right;"><b>CCWDcm</b></p>	<p>of the Wales Spatial Plan.</p>
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<b>C4 - Has regard to the relevant community strategy/ies.</b>	
<b>Comments</b>	<b>Suggested Actions</b>
<p>Appears to do so; the preferred strategy documentation advises that the community strategy will inform development of the preferred strategy. Chapters 4 sets out the Community Strategy Visions.</p>	

<p><b>CE1 The plan sets out coherent strategy from which its policies and allocations logically flow and/or, where cross boundary issues are relevant, it is compatible with the development plans prepared by neighbouring authorities</b></p> <p><b>&amp;</b></p> <p><b>CE2 The strategy, policies and allocations are realistic and appropriate having considered the relevant alternatives, and/or are founded on a robust and credible evidence base</b></p>	
<b>Comments</b>	<b>Suggested Actions</b>
<p><b>Document structure and presentation</b></p> <p>Overall this document presents an informative and easily digestible strategy. The preferred strategy and the options considered are clearly presented. The summary of key trends is helpful and informative.</p> <p>The options considered for housing growth are clearly explained in Section 5 where those scenarios considered for different levels of growth are set out. Alternatives to building on previously developed land is succinctly and clearly explained and the potential constraints to these options highlighted, particularly transport infrastructure issues.</p> <p style="text-align: right;"><b>PINS</b></p>	<p>To note</p>

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<p><b>Issue identification</b> (also Test CE2)</p> <p>“Issues” could have been better drawn out from the Key Trends and Issues section; there was quite a lot of emphasis here on explaining trends but not issues. It would have been helpful if a summary of bullet points setting out the issues, priorities and challenges that the local planning authority are looking to address through the LDP had been provided at the end of this section.</p> <p style="text-align: right;"><b>PINS</b></p>	<p>Clearly identify the issues that emerge from trends, which are in turn addressed through the strategic objectives and preferred strategy.</p>
<p><b>Vision and Objectives</b> (and Test CE2)</p> <p>The way that the Community Strategy vision, the SA/SEA objectives and the LDP objectives are set out does not assist with appreciating the logical flow from issues to vision to objectives. The Community Strategy vision sets out the sort of place Cardiff should be, for instance, 'at the heart of competitive city region'. The economic vision expands on this stating Cardiff should be 'a competitive international capital city'. The text then goes some way to explaining this e.g. 'attract more corporate headquarters' but in this instance more evidence on the comparisons, and size /density/sector make-up thresholds needs to be provided. The LDP objectives tend to be generic/of broad range and do not clearly reflect the vision in terms of the sort of place it is trying to achieve. For example “Support the regeneration of deprived communities” is rather vague.</p> <p style="text-align: right;"><b>DE&amp;Tmc; PINS; P3</b></p> <p>Although the SA objectives and the LDP objectives overlap they serve a different purpose which is not made clear in the text. Placing them between the LDP vision and the LDP objectives disrupts the logical flow, although it is accepted that the SA objectives were used to test the LDP objectives before they were finalised.</p> <p style="text-align: right;"><b>P3</b></p> <p><b>Objectives - Housing and Employment</b></p> <p>A range and mix/choice of housing and employment feature as objectives but the document could have included further detail on these points to explain their scope.</p> <p style="text-align: right;"><b>DE&amp;Tmc</b></p>	<p>Ensure the LDP objectives have a logical flow from the LDP vision, for instance explaining what the essential characteristics are of a “competitive international city”.</p> <p>Consider whether the role of the SA/SEA objectives is properly explained.</p> <p>Consider whether the scope of objectives is adequately explained and sufficient evidence provided such as the anticipated range and mix of new housing and the range and choice of employment land.</p>
<p><b>Spatial Distribution</b></p> <p>Chapter 5 sets out consideration of the various growth and spatial options. A number of studies have been cross-referenced as well as reports of consultation. The Sustainability Appraisal of the Preferred</p>	<p>Provide clear evidence of how the growth options and spatial options</p>

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<p>Strategy Report could have been usefully cross-referenced, particularly Appendix 2, in order to point readers to the evidence relating to the assessment of options. It is therefore not clear the extent to which options for the spatial distribution of the proposed growth have been pursued. The broad strategic option of previously developed land versus urban extension is documented, but the overall housing figure could be apportioned between the sub-areas within the local authority's area. Paragraph 6.12 lists some opportunities for employment growth but the extent to which these have been used to explore spatial options is unclear i.e. the out of centre business development, increasing employment densities in the City and the split between south of City Centre and Bay Waterfront area - i.e. looking at "options within options".</p>	<p>have affected the development of the preferred strategy and strategic site selection.</p>
<p><b>Evidence base - general</b></p> <p>It is not always clear as to what evidence is being put forward to demonstrate that the preferred growth strategy can be accommodated; e.g. with regard to infrastructure, flood risk, economic and retail capacity.</p> <p>While the employment and economic development strategy is reasonably well evidenced, the strategic policy could reflect this work more effectively. Reference to the total employment land bank and how many years provision this is expected to provide based on past take up might also be a useful addition. It would be useful to set out whether a review of existing sites been undertaken to consider whether they are all still appropriate to meet future requirements.</p>	<p>Ensure there are clear links between the evidence base (including availability of evidence) / contextual background studies / other council strategies and the robustness of the preferred strategy and strategic sites.</p>
<p><b>Capacity to Achieve Strategy</b></p> <p>There are references to unfunded transport schemes - Eastern Bay Link and the North West Segregated Public Transport Route.</p>	<p>Provide more evidence on the anticipated means of achieving these strategic transport schemes in the context of the networked region</p>
<p><b>Deprivation</b></p> <p>The key trends and issues section indicates that deprivation is an obvious issues that the Council must tackle, but it has not been addressed to any great extent, particularly in terms of housing, economic development and providing access to essential services.</p>	<p>Provide clear evidence of how the key issue of deprivation has affected the development of the preferred</p>

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	<p><b>PINS</b> strategy and strategic site selection.</p>
<p><b>Agricultural land</b>  Paragraphs 5.23 and 6.4 state that there is sufficient land already committed or within the City Centre and Bay Waterfront, to cater for the housing and employment projections for the plan period and therefore no significant fresh greenfield allocations are considered to be necessary. However, there is cause for concern that the Strategy does not discount the possibility of allocating greenfield land for major development elsewhere as a result of ongoing deliberations.</p> <p>The Council has made a preliminary assessment of urban expansion options (submitted candidate sites), at paragraphs 5.31 to 5.35, against a list of strategic conservation and environmental constraints, which unfortunately does not include agricultural land quality. Consequently the short listed two possible major development sites (N E and N W Expansion areas) are both known to contain significant areas of best and most versatile agricultural land. Should these site be required for development they are likely to conflict with paragraph 2.8.1 of Planning Policy Wales.</p> <p>At 5.24, a number of candidate sites are currently under consideration for the proposed Premier Business Park. The amount of land needed to accommodate the proposed Premier Business Park is not indicated, so it is not possible to comment on the agricultural impact. It is also not clear of the extent to which agricultural land quality will be taken into account in the site selection process.</p> <p>Paragraph 2.5, suggests that there is a lack of Agricultural Land Classification information. Extensive areas of countryside surrounding Cardiff considered to be at risk of large scale development have been surveyed in recent years, either by TSD or private consultants acting for developers, and this includes the N E and N W Expansion areas. This information was available for the Council's use at the time of the UDP.</p> <p style="text-align: right;"><b>TSDbh</b></p>	<p>To note</p> <p>Ensure agricultural land quality is taken into account in site selection.</p> <p>Check availability of information  Ensure most up to date before the site selection process becomes significantly more advanced.</p>

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<p><b>Biodiversity</b>  <b>Policy 18</b> on biodiversity fails to recognise how development can be used to achieve win-win solutions on connectivity, water management, soil protection, landscape protection, safeguarding air quality, as part of an integrated approach to site selection and design.</p> <p style="text-align: right;"><b>PolicyJS</b></p>	<p>You may wish to consider whether the policy can be amended to include wider environmental management issues as part of an integrated approach to site selection and design.</p>
<p><b>Climate Change</b> (and Test C3)  Responding to climate change is highlighted as part of the vision and identified as an objective (4). However, there is very little reference to factors which may need to be considered as part of Cardiff's response to climate change, e.g. floodplain/river corridors/water management, and it does not really form an integral part of any of the analysis on strategic options. For example, there is no identification of opportunities that could enable a better response to climate change – both to mitigate effects of, and to respond to threats of, climate change.</p> <p style="text-align: right;"><b>PolicyJS</b></p> <p>Climate change is mentioned in the preferred strategy (Paragraph 6.2). However, the evidence base for the general capacity of the environment to accommodate change as part of preferred strategy is not clear, neither are any specific opportunities identified for making a positive response to the climate change agenda.</p> <p style="text-align: right;"><b>PolicyJS</b></p> <p>Nothing specific is identified for climate change mitigation as part of the preferred strategy. There may well be opportunities that could be identified such as co-location with waste facilities contributing to energy supply and creating exemplar schemes on zero carbon. It is not clear what will be required as part of policies 1 and 2, or how and where the aspects identified in policy 26 are to be secured.</p> <p style="text-align: right;"><b>PolicyJS</b></p> <p>Insufficient attention is given to climate change adaptation measures including in the 'Key Trends and Issues' chapter. For example the link could have been made with constraints already identified such as flood risk. It should be clarified whether there are others factors that should be catered for such as water conservation, supply and management (drainage) that would then influence the preferred strategy.</p> <p style="text-align: right;"><b>CCWDcm; PolicyJS</b></p>	<p>Provide clear evidence of how the key issue of climate change has affected the development of the preferred strategy and strategic site selection.</p>

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<p><b>Design</b></p> <p>We note that strategic <b>Policy 2</b> requires design of new development to be of <i>good</i> quality and provides generally clear criteria on what aspects will be considered in determining the acceptability of new development in terms of sustainable development factors. You may wish to include at deposit stage provision for seeking developer master-plans for new development or for producing them in-house as SPG. You may wish to consider if there are parts of the area that need specific LPA guidance regarding what will be required in design statements (e.g. town centre).</p> <p>N.B. We are currently considering responses to the climate change MIPPS package - there will be implications for the policy content of LDPs (although note that you have given some consideration to climate change matters)</p> <p style="text-align: right;"><b>P3</b></p>	
<p><b>Employment/Economy</b></p> <p>The document reflects the main policy issues as set out in Planning Policy Wales. However, there is no list of key employment sites, nor any indication of whether a review of the employment land bank has been, or is to be, undertaken to determine its adequacy for meeting future needs, particularly in relation to quality and sustainability of sites.</p> <p style="text-align: right;"><b>PolicyRS</b></p> <p><b>Premier Business Park</b></p> <p>The regional nature of the Premier Business Park (referred to in Paragraph 5.24) is noted, but the impacts of this on Cardiff's preferred strategy are not clear.</p> <p style="text-align: right;"><b>PINS</b></p>	<p>Provide clear evidence of how the key issue of employment has affected the development of the preferred strategy and strategic site selection.</p> <p>Provide clear evidence of how the premier business park proposal has affected the development of the preferred strategy.</p>
<p><b>Gypsies and Travellers</b></p> <p>No evidence is provided of data collection about, or consultation with, Gypsies and Travellers. As there are two large sites in Cardiff, one of which is extremely overcrowded we would have expected to see reference to future planning provision including possible expansion of existing sites. Will the Local Housing Market Assessment include Gypsies and Travellers?</p> <p style="text-align: right;"><b>HsgCM; HsgJA; PolicyGB</b></p>	<p>Ensure documented consideration is given to addressing the needs of Gypsies and Travellers.</p>
<p><b>Historic Environment</b></p> <p><b>Cadw</b> advises that they have no concerns to raise but point out that Paragraph 2.9 should separate the Historic Landscape from the Parks and Gardens and it seems odd not to have a specific mention of</p>	<p>To note</p>

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<p>Cardiff Castle (and its parks) given their economic and cultural significance to the city.</p> <p style="text-align: right;"><b>CADWsw</b></p>	
<p><b>Housing</b></p> <p>The guidance in MIPPS 01/2006 (<i>Housing</i>) appears to have been followed, including accommodating the <b>regional apportionment</b> of the Assembly Government's household projections.</p> <p>However, it is not clear whether the issue of <b>affordable housing</b> has been adequately addressed. The preferred strategy and <b>Policy 4</b> must include a clear numeric target stating how many of the 22,750 – 24,750 homes will be affordable. An "extensive housing need" is mentioned, but this is not quantified. It is therefore not clear how the proposed provision of between 22,750 and 24,750 new dwellings over the plan period will address the need for affordable housing, particularly given that 15,900 of this provision already have planning permission and of which only approximately 10% are classified as affordable housing. It is questionable whether the aim to secure at least 30% of affordable housing on new housing sites is sufficiently ambitious given the "extensive housing need", the policy of the Assembly Government to substantially increase the provision of affordable housing, and against the background of the projected household growth and proposed high employment growth. No mention is made of any site size threshold for provision so presumably this is intended to bite on all housing sites. This should be made clear in the deposit plan as should the logic and evidence base on which it is based.</p> <p style="text-align: right;"><b>P2pr; HsgJA</b></p> <p>There are few explicit references to the evidence supporting the preferred strategy, particularly on housing e.g. urban capacity study. Whilst the views of stakeholders are obviously of critical importance a "robust and credible evidence base" is also about having the background studies and research to support the approach.</p> <p style="text-align: right;"><b>PINS</b></p> <p>Presumably the evidence from the Local Housing Market Assessment and emerging Local Housing Strategy will be incorporated into the deposit plan. However at present it is unclear what action will be taken if the findings of the Local Housing Market Assessment indicate higher levels of need than currently assumed. If levels of need are higher than current estimates, the Council should consider increasing land supply and/or increasing the percentage of affordable housing on new housing sites to above the 30% proposed.</p> <p style="text-align: right;"><b>PolicyPR; HsgJA; DE&amp;Tmc</b></p> <p>Given the emphasis on high density apartment development in recent years it is encouraging that</p>	<p>Clarify affordable housing requirements and consider whether to increase the housing supply and or increase the percentage of affordable housing sought on individual sites.</p> <p>Provide clear evidence of how the key issue of housing has affected the development of the preferred strategy and strategic site selection.</p>

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<p>Paragraph 6.7 recognises the need to achieve a range and mix of dwelling types and where appropriate to seek provision of housing suitable for families. However it would have been clearer if there were cross references to the evidence base about the housing accommodation profile of flats to houses etc. or a discussion of the future composition, the densities assumed or the windfall assessment used to derive a preferred strategy.</p> <p style="text-align: right;"><b>HsgJA; DE&amp;Tmc</b></p>	
<p><b>Minerals</b> Paragraph 2.6 refers to <b>minerals reserves</b>, but clarification will be needed in regard to sand, gravel and hard rock, and evidence will be needed in respect of safeguarding coal reserves. Paragraph 5.32 refers to constraints from minerals. It is not clear how safeguarding of coal has been considered in the assessment within paragraphs 5.39-5.41. The evidence of landbanks and resources should be supplied – including the potential for sand and gravel and hard rock resources – this evidence will be needed to establish the need for any further allocations and for safeguarding, and is required to be compliant with national policy.</p> <p style="text-align: right;"><b>PolicyCW</b></p> <p><b>Policy 28 on aggregates</b> - should also refer to coal. Safeguarding of wharves and rail sites for handling aggregates, and of suitable sites for recycling aggregates, should be included. Impacts on minerals are not referred to in relation to a significantly higher level of growth – an assessment is needed of the additional materials and any spatial conflict.</p> <p><b>Policy 28 on Minerals</b> says Cardiff will continue to contribute its traditional share <i>to regional aggregate supplies</i> by:...</p> <p>This needs to be expressed as a commitment to meet the RTS provision, which takes into account local, regional and national need and is a move away from traditional supply patterns.</p> <p>The RTS consultation is now available, therefore the annual need and reserves can be assessed and the need for further allocations (or not) identified in the Strategy. The policy as currently drafted is too high level, and needs to build on the evidence to provide specific local policy.</p> <p style="text-align: right;"><b>PolicyCW</b></p>	<p>Provide clear evidence of how the key issue of minerals has affected the development of the preferred strategy and strategic site selection.</p> <p>Consider amending Strategic Policy 28 to take on board national policy concerns including coal, reflect the move away from traditional supply patterns, and provide greater local distinctiveness.</p> <p>Consider how the information in the RTS consultation affects the preferred strategy and site selection.</p>
<p><b>Minerals</b> Paragraph 2.6 outlines the mineral reserves that exist in the plan area, however, unless the spatial and</p>	<p>Provide clear evidence of how the</p>



**Cardiff LDP****- Annexe to letter 27 November 2007****Reg 15 Pre-Deposit Consultation: Welsh Assembly Government Response (with Scrutiny Team Refs FILE ONLY)**

<p>supply issues are evidenced and considered, the relationship between minerals and other development cannot be assessed.</p> <p style="text-align: right;"><b>P2cw</b></p>	<p>key issue of mineral supply and safeguarding has affected the development of the preferred strategy.</p>
<p><b>Retail Planning</b></p> <p>Retail planning is touched on briefly in the Preferred Strategy section and similarly receives only a cursory mention under policy 9 of the Strategic Policy section. There is no discussion of the wider spatial patterns of retail development, the roles of small shops, enhancement strategies for existing centres, or pressures for edge of centre/out of town development etc. Further consideration also needs to be given to the regional / national retail functions and the relationship with the surrounding area.</p> <p style="text-align: right;"><b>PolicyRS</b></p>	<p>Provide clear evidence of how the key issue of retail development has affected the development of the preferred strategy and strategic site selection.</p>

**Cardiff LDP****- Annexe to letter 27 November 2007****Reg 15 Pre-Deposit Consultation: Welsh Assembly Government Response (with Scrutiny Team Refs FILE ONLY)**

<p><b>Retail</b> The approach to retail planning is not sufficiently clear in respect the connections between preferred strategy and strategic policies.</p> <p style="text-align: right;"><b>PolicyRS</b></p>	<p>Ensure there are clear links between the evidence base (including availability of evidence) / contextual background studies / and the robustness of the preferred strategy and strategic sites in respect retailing.</p>
<p><b>Rural Planning Issues</b> Rural issues are not discussed at any great length and there is limited reference to national policy. Although Policy 19 (page 62) of the Strategic Policies refers to the protection and enhancement of the countryside outside Cardiff, you may wish to consider if other rural issues are suitable for discussion, for example the role of the rural economy, or the interdependence of urban and rural areas.</p> <p style="text-align: right;"><b>PolicyGB/RS</b></p>	<p>Give further consideration to whether rural issues have been fully addressed.</p>
<p><b>Telecommunications</b> We would not expect specific references to telecommunications in a Preferred Strategy but note it is mentioned in Paragraph 6.13.</p> <p style="text-align: right;"><b>PolicyGB</b></p>	<p>Ensure the deposit plan addresses infrastructure requirements including telecommunications.</p>
<p><b>Waste (and Test CE1)</b> There should be no doubt as to the importance of waste as a key issue for the LDP in view of the scale of waste arisings, the major increase in growth and the need to make provision for an adequate network of waste management facilities in the LDP.</p> <p style="text-align: right;"><b>PolicyJS</b></p> <p>The preferred strategy should clearly set out the evidence relating to the assessment of existing waste management provision and the additional provision that should be made in the LDP. This then should lead on to Strategic Policies that clearly set out the land required for waste development and also later to specific site allocations in the Deposit Plan. Steps to achieve this are outlined in the Regional Waste Plan.</p> <p style="text-align: right;"><b>PolicyJS</b></p> <p>No mention is made in the objectives of the need to provide land for waste facilities. It is suggested in</p>	<p>Consider how regional waste issues will affect the preferred strategy.</p> <p>Make clear how capacities identified</p>

**Cardiff LDP****- Annexe to letter 27 November 2007****Reg 15 Pre-Deposit Consultation: Welsh Assembly Government Response (with Scrutiny Team Refs FILE ONLY)**

<p>Paragraph 6.29 that waste facilities will be accommodated on the existing industrial landbank. It is not clear what the impact of <b>Policy 7</b> will be on adequate provision of land for waste facilities. Can it be demonstrated that there are suitable and available sites for waste facilities, particularly for regional and sub regional sites, but also for local provision of waste facilities?</p> <p style="text-align: right;"><b>PolicyJS</b></p> <p>Strategic <b>Policy 29</b> suggests Cardiff's waste arisings will only be processed and disposed of within the County. Whilst this is acceptable, waste can be a strategic issue and therefore it is not clear how proposals for regional/sub-regional facilities will be accommodated.</p> <p style="text-align: right;"><b>PolicyJS</b></p> <p>There does not seem to be any objective relating to waste when this issue is identified in the Community Strategy as being relevant to the LDP.</p> <p style="text-align: right;"><b>PINS</b></p> <p>The document is not particularly clear as to what sort of improvements to waste management facilities and services are intended by <b>Policy 3</b></p> <p style="text-align: right;"><b>PolicyJS</b></p>	<p>in the RWP have been factored into employment land supply strategy.</p> <p>Consider whether an LDP objective relating to waste is required.</p>
<p><b>Water management</b></p> <p><u>Water, sewerage and drainage infrastructure</u></p> <p>It is inferred that existing infrastructure is likely to be adequate to deliver the preferred strategy but would be under pressure in the other options. It is not clear what the evidence base for this is. According to national policy, spatial choices should be based on and influenced by evidence of capacity and ability for delivery. If the provision of infrastructure is required, consideration needs to be given to what measures are needed and how they could be secured. Consideration also needs to be given to the implications of public investment programmes, the role of the development sector, how improvements will be co-ordinated and whether there is a need for phasing</p> <p style="text-align: right;"><b>PolicyJS</b></p> <p><u>Flooding policy</u></p> <p>See also comments on water infrastructure (above) and climate change (page 8). Strategic <b>policy 24</b> is generic and as drafted is not considered to be entirely compatible with national policy requirements as it lacks spatial elements specific to Cardiff. It is not clear when it will be appropriate to provide protection to facilitate development in the floodplain. Planning Policy Wales says not to continually rely on building defences. Therefore consideration needs to be given to where is it</p>	<p>Whilst it is unnecessary to directly reiterate national policy, the local implications of how infrastructure capacity and provision impact on preferred strategy and delivery should be clearly outlined.</p> <p>Ensure evidence is available of what investment is required in flood infrastructure and how this relates to flood risk management priorities.</p>

**Cardiff LDP****- Annexe to letter 27 November 2007****Reg 15 Pre-Deposit Consultation: Welsh Assembly Government Response (with Scrutiny Team Refs FILE ONLY)**

<p>appropriate to develop on the floodplain in Cardiff, given climate change; and then to link this to a strategy for flood protection/identification of local needs for flood protection in terms of existing development.</p> <p>There is no need to directly reiterate national policy, however, where the preferred strategy will impact on zone C then the requirements of section 10 of TAN 15 will need to be considered.</p> <p><b>PolicyJS</b></p> <p><b>PolicyJS</b></p> <p><u>Water quality</u>  <b>Policy 25</b> on water quality/quantity is very generic and already covered by national policy. We note that this originated from the SA/SEA work but it is not clear what the specific implications of the Preferred Strategy are for water quality and quantity, or whether they have influenced the preferred strategy. Consideration needs to be given to whether specific measures are required or whether opportunities exist for enhancement as part of development.</p> <p><b>PolicyJS</b></p>	<p>Consider the requirements of section 10 of Technical Advice Note 15: Development and Flood Risk.</p> <p>Provide clear evidence of how the issue of water quality and quantity has affected the development of the preferred strategy and site selection.</p>
<p><b>Welsh Language</b>  The Welsh Language does not feature within the document.</p> <p><b>PolicyGB</b></p>	<p>Consideration should be given to whether the Welsh language should feature in any of the LDP objectives, taking account of PPW paragraph 2.10.2.</p>

<b>CE 3 There are clear mechanisms for implementation and monitoring</b>	
<b><u>Comments</u></b>	<b><u>Suggested Actions</u></b>
<p>There doesn't appear to be any reference to monitoring in the report provided, this may be available elsewhere but should be referred to at a general level in the Preferred Strategy document. (RS)</p> <p><b>PolicyRS; PINS; HsgJA</b></p>	<p>Ensure a scheme is in place for monitoring the implementation of LDP objectives.</p>

## Cardiff LDP

- Annexe to letter 27 November 2007

## Reg 15 Pre-Deposit Consultation: Welsh Assembly Government Response (with Scrutiny Team Refs FILE ONLY)

CE 4 It is reasonably flexible to enable it to deal with changing circumstances	
Comments	Suggested Actions
<p>The self-assessment at Appendix 2 of the preferred strategy document says: The Preferred Strategy is considered sufficiently flexible to deal with changing circumstances. We consider that flexibility of the plan can't be determined at this stage, however it is not clear how the strategy would respond to any increases in housing need, such as identified by the Housing Market Assessment.</p> <p style="text-align: right;"><b>PINS; HsgJA;</b></p>	<p>Ensure that the preferred strategy is sufficiently flexible to respond to changes in the economy, housing market assessment, strategic site take up and other changes.</p>

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**P3 File Only:****Preferred Strategy document (pre-deposit proposals documentation under Reg 15)****Précis of Content by P3:**

Identifies **key issues** (chapter 2) to be addressed by LDP following on from LDP SA & SEA Scoping Report. Environment, social and economic trends and issues.

Considers **policy framework** (national pl policy, WSP, Wales a Better Country, WSP area work, RTP, SERgnl Waste Plan; SWRgnlTSfor Aggregates; CommStrategy @ 3.22).

Community Plan visions used as **LDP Vision** at 4.1 onwards; **objectives** at 4.11; No **targets & indicators** included.

Following consideration of visioning & scoping exercises, LDP Steering Group, policy context, existing DP strategies, land availability, **four growth options** are identified (chapter 5): Trends based, local needs, consolidation, sustainable growth, growth / local needs. **Analysis** of options..

**Preferred strategy option** (chapter 6) – **consolidation within urban area**. **Strategic policies** (chapter 7); **key diagram** (Figure 3).

**Appendices: Monitoring of strategic policies:** targets & indicators (App 1); **Candidate site assessment methodology** in separate report??.; **Key diagram** (App 5); **Glossary** (App 1). **Self assessment** (App 2.) **Consultation questions** (App 3)

**Other docs supplied:**

Initial Sustainability Appraisal of Preferred Strategy (incSEA), Nov07;



Mr James Clemence  
Development Plan Team, SPE  
Cardiff Council  
County Hall CY1  
Atlantic Wharf  
CARDIFF CF10 4UW

Eich cyf : Your ref P:SPD:10:05/GL  
Ein cyf : Our ref APP30-01-005  
Dyddiad : Date 9 June 2009

Dear James

### **Cardiff Local Development Plan – Deposit Version**

Thank you for your recent correspondence and copies of the deposit LDP and accompanying documentation.

We recognise the progress you have made since consulting on your pre-deposit documents. We also appreciate that compiling the evidence base for the deposit LDP has involved extensive technical work. I would like to take this opportunity to compliment you on the significant progress made in clarifying the linkages between the key issues, vision and objectives and commend you on setting out a vision which seeks to ensure Cardiff is a dynamic and vibrant world class city.

The matter of whether a plan is considered 'sound' will be for the appointed Planning Inspector to determine. We have considered the Deposit LDP in accordance with the consistency and coherence & effectiveness tests, and principally whether satisfactory regard has been given to national planning policy (test C2). Our representations are separated into 4 categories which are supported with more detail in the attached annex.

- A. Objection under soundness tests C2, CE2: Fundamental issues that we consider present a significant degree of risk and that may have implications for the plan's strategy: -

There is a fundamental issue regarding the **ability of the plan's strategy to deliver the vision** which presents a significant degree of risk for the authority if not addressed prior to submission stage. This is particularly critical in the following areas:



- **Over reliance on existing housing commitments**
- **Delivery of the range and mix of housing to meet the identified needs**
- **Flexibility of the strategy**
- **Deliverability of affordable housing**
- **Relationship between the level of housing growth and evidence base**
- **Infrastructure requirements**

In summary, whilst the vision sets out a clear position to enable Cardiff to play its role as a European capital city, **the LDP strategy does not deliver the council's own vision, nor does it adequately reflect the evidence base.** The **degree of concern is significant.**

- B. Objections under soundness tests C2, CE1, CE2: Matters where it appears that the deposit plan has not satisfactorily translated national policy down to the local level and there may be tensions within the plan, namely:
- i. **gypsy and traveller site provision**
  - ii. **minerals safeguarding and operations**
  - iii. **water resources and flooding**
- C. In relation to soundness tests CE2, CE3, CE4: Matters where we consider there to be a lack of certainty or clarity which, whilst not considered to be fundamental to the soundness of the LDP, we consider we can usefully draw to your attention to enable you to consider how they might be better demonstrated:
- i. the mechanisms for **monitoring**
  - ii. the robustness of the **waste strategy**
  - iii. delivering **contaminated land** remediation
- D. Matters relating to clarity of the plan generally which we consider may be of assistance to your authority and to the Inspector in considering suitable changes.

We have raised these issues with you on previous occasions. It is for your authority to ensure that the LDP is sound when submitted for examination and it will be for the Inspector to determine how the examination proceeds once submitted.

We strongly advise that you consider how you could maximise the potential of your LDP being considered 'sound' through the examination process. If you would like to **meet at an early date** to discuss any matters arising from our formal response to your deposit LDP, please contact me.

Yours sincerely



Mark Newey  
 Joint Head of Plans, Management and Performance  
 Planning Division  
 Welsh Assembly Government

**annex**

**A Objection under soundness tests C2, CE2, CE4: Fundamental issues that we consider present a significant degree of risk and that may have implications for the plan's strategy:**

There is a fundamental issue regarding the **ability of the plan's strategy to deliver the vision** which presents a significant degree of risk for the authority if not addressed prior to submission stage. This is particularly critical in the following areas:

The **strategy is over reliant on existing housing commitments** and a residual provision of approximately 8,000 dwellings coming forward on small sites, change of use and unidentified 'windfall' sites, i.e. sites of unknown location, scale and delivery. This raises concerns regarding the delivery of affordable housing and infrastructure extremely over the 15 year plan period.

Whilst the strategy seeks to maximise brownfield opportunities it **does not deliver the range and mix of housing to meet the identified needs**. With an over reliance on flats/apartments and higher densities on existing sites with planning permission, the ability to provide family accommodation will be extremely limited. Greenfield sites could assist the delivery of a broader range/mix of house types.

The **strategy does not provide sufficient flexibility**. If brownfield sites prove problematic in coming forward, specifically if there are difficulties in financing development or addressing remediation measures to remove contamination and associated costs, this could have serious implications on the phasing and delivery of housing. Articulating the relationship between development, key sites and specific pieces of infrastructure to unlock sites in terms of timing is not clear.

There is a lack of evidence concerning the **deliverability of affordable housing** through viability testing, as well as a significant gap between the identified need as stated in the Local Housing Market Assessment (LHMA) and provision in the plan. The LHMA indicates a need for 2,173 dwellings per annum as opposed to the LDP target of 306 units per annum.

The **relationship between the level of housing growth and evidence base** is unclear. There is a high probability that the new household forecasts (to be issued 11<sup>th</sup> June 2009) may well indicate a need to consider the implications arising from increased levels of housing provision, particularly focusing on the ability of the strategy to accommodate such an approach. The current **strategy is not considered to be sufficiently flexible** to incorporate any additional requirement.

It is unclear what **infrastructure** is required to deliver development identified in the plan and when it will be provided, as well as the viability of development to deliver sufficient financial contributions, including all other funding sources, to ensure sufficient certainty and clarity can be established.

In summary, whilst the vision sets out a clear position to enable Cardiff to play its role as a European capital city, **the LDP strategy does not deliver the council's own vision, nor does it adequately reflect the evidence base**. The **degree of concern is significant**.



**B** Objections under soundness tests C2, CE1, CE2: Matters where it appears that the deposit plan has not satisfactorily translated national policy down to the local level and there may be tensions within the plan, namely:

### **i. Gypsy & Traveller Site Provision**

#### **Policy HSC 6 – Sites for Gypsy and Traveller and Other Caravans (page 154)**

It is noted in paragraph 5.162 of the LDP that a need for 194 additional authorised pitches and 10 transit pitches has been identified by a supplement to the Local Housing Market Assessment. As recognised in paragraph 5.161 *WAG Circular 30/2007* makes clear that in these circumstances sufficient sites should be allocated in the LDP to ensure the identified pitch requirements can be met. The LDP admits this is work in progress so it is difficult to conclude at present that the accommodation needs of Gypsies and Travellers can be adequately met without specific site allocations being proposed.

While avoiding repetitiveness is to be encouraged, the combination of criteria for gypsy and traveller sites with those for tourist related sites risks confusing the strategic needs for each respective issue and therefore separate policies are preferable. The policy as drafted is not totally clear, particularly criteria (b) and (c). Annex B of *Circular 30/2007* provides advice on good practice for Gypsy and Traveller policy criteria. Paragraphs 12 to 14 of TAN 13: Tourism provide relevant advice in relation to holiday and touring caravans.

### **ii. Minerals Safeguarding and Operations**

#### **Policy MIN 1 - Mineral Limestone Reserves and Resources**

Policy MIN 1 identifies limestone resources akin to 'Preferred Areas' described by paragraph 14 of MPPW. It is unclear what evidence exists to justify the extension to the permitted sites (the limestone resource areas) shown on the proposal map. The background paper describes the sites but no clear evidence is provided as to why these sites were chosen.

Paragraph 5.334 of the LDP identifies an aim to protect limestone reserves from sterilisation for future generations, as required by paragraph 13 of MPPW. However, Policy MIN 1 nor the proposals map set a requirement for such protection and as such resources are not adequately safeguarded.

#### **Policy MIN 2 - Preferred Order of Mineral Resource Release**

Minerals Background Paper at page 6 states there is a landbank of reserves for 46 years. It is therefore unclear why the policy needs to contain provisions that allow extensions to existing mineral workings and also unclear the exact contribution that dormant sites make to the landbank. Evidence would be useful to explain this contribution to the landbank and its implications.

The supporting text should usefully clarify that deepening will only be chosen over lateral working provided that the environmental impacts are acceptable and deepening does not prejudice restoration sites.

#### **Policy MIN 7 - Dredged Aggregate Landing and Distribution Facilities**

Policy MIN 7 provides for improvements to marine dredged aggregate facilities at Cardiff Docks. The Regional Technical Statement (RTS) for South Wales states at page 92 that for

Cardiff “Existing and potential wharves should be identified for protection in the LDP to safeguard marine sand and gravel/hard rock/secondary aggregate existing and potential flows into the area”. The policy should therefore be strengthened to include safeguarding of existing facilities.

### **Policy MIN 9 - Safeguarding of Coal Resources**

The coal safeguarding areas are welcomed, recognising the requirements of PPW to avoid sterilisation of the resource. The areas should however incorporate the 500m buffer zone areas up to settlements currently excluded on the proposals map given that a safeguarding policy doesn't indicate an acceptance of working.

It is noted that Paragraph 5.378 states it will not be necessary to release coal resources in the plan period. MPPW and MTAN 2 state that LDPs should set out where such operations would not be acceptable and should provide unequivocal statements as to why, and should also provide a set of clear criteria against which any future proposals will be assessed in those areas where there is a possibility of extraction.

A line should be clearly shown on the proposal map that identifies where coal working would be unacceptable. Such a designation may overlap areas of resource safeguarded for beyond the plan period as explained by paragraph 34 of MTAN 2. Paragraph 27 of the MTAN states that “the evidence for defining the areas where surface coal working will not be acceptable should be described in the technical documents and considered in the Strategic Environmental Assessment and Sustainability Appraisal. These provide the background to the LDP policy and to the Proposals Map, on which the areas where coal working will not be acceptable should be shown”. If coal working will not be considered acceptable anywhere, this should be justified in the background paper and stated in the LDP.

### **iii. Water Resources and Flooding**

#### **Water Infrastructure**

It is unclear whether there is evidence to demonstrate sufficient water and waste water capacity to deliver the plan strategy.

#### **Policy SD 3 – Flood Risk**

To accord with the requirements of *‘Planning Policy Wales’* paragraph 13.2.3 and paragraph 6.2 of *TAN 15: Development and Flood Risk*, the LDP strategy and policies should be based upon a move away from continued reliance on engineering solutions to flooding, in the recognition that risk can never be eliminated despite mitigation measures and in recognition of climate change. These key principles, along with the preference for avoiding development in the flood plain have shaped *TAN 15* and should in turn shape local policy and action through LDPs.

Policy SD 3 is generic and as drafted is not considered to be entirely compatible with national policy requirements and is weaker than national policy. The policy lacks a spatial element specific to Cardiff. It should be clear when it will be appropriate to provide protection to facilitate development in the floodplain, given that PPW says not to continually rely on building defences.

We note that a flood consequences scoping assessment has been undertaken although it is unclear how this has influenced the LDP due to its unavailability.

**C** In relation to soundness tests CE2, CE3: whilst not considered to be fundamental to the soundness of the LDP, we consider there to be a lack of certainty or clarity on the following matters which we consider we can usefully draw to your attention to enable you to consider how they might be better demonstrated, that:

### **i. Monitoring**

The monitoring approach is very weak with only 10 indicators, the majority of the LDP targets being not applicable and the monitoring table itself headed “.. *contents of table subject to further analysis and change*”. As monitoring should be integral to the plan this does not provide confidence that it has been integrated from the outset, rather ‘bolted on’.

### **ii. Waste Management**

#### **Policy SP11: Waste**

While reference is made to the South East Wales Regional Waste Plan, the text supporting strategic policy SP11 refers to the management of waste arisings in Cardiff without explaining how the provision of land for waste in Cardiff may contribute to regional waste treatment needs. In the absence of robust evidence about the longevity of current solutions as well as the role of the consortia in securing residual waste treatment across the region it is unclear how the current approach to waste planning in Cardiff fulfils the requirements of national policy and the regional waste plans, which will deliver EU obligations.

#### **Policies WASTE 1 to WASTE 3**

Paragraph 4.154 notes that the first review of the Regional Waste Plan identifies vacant industrial land, at Wentloog, Brindley Road, Trident Park and Cardiff Docks to contribute to 20.9ha of land required waste management facilities. It is unclear whether further assessment has been undertaken of the suitability of these sites and how the provision of waste management facilities fits within the overall employment land strategy for the County, and the inevitable competing land uses. It is also not clear whether there are parcels of land available which may be suitable for waste management.

Further uncertainty surrounds the statement in paragraph 5.402 that landfill operations at Lamby Way are likely to be completed during the plan period. Explanation of what will happen to the waste stream formerly being sent to this particular landfill site would help demonstrate that a robust waste strategy is in place.

### **iii. Contaminated Land**

#### **Policy SD 6 Contaminated Land and Unstable Land**

The 550 potentially contaminated sites in Cardiff are identified as an issue that requires action. However, the LDP is not clear where these are and is not clear how the redevelopment of the sites will be secured, other than to say development will result in their remediation. Policy SD6 is generic and does not add further to national policy.

**D** Matters relating to clarity of the plan generally which we consider may be of assistance to your authority and to the Inspector in considering suitable changes.

**Repetition of national planning policy without translating it to local level**

e.g. SD3, SD6, TRANS 5

**Strategic Policy SP7 Built Heritage**

Policy SP7 largely unnecessarily repeats national policy (but omits historic landscapes). The policy would be clearer and more useful if it actually identified the 'other features of local interest that positively contribute to the distinctiveness of the city'.

**Policy TRANS 3**

Not clear what is required by 'a. Transport Statement'. Suggest the policy is clearer in adapting national guidance to local circumstances. TAN 18 Transport provides a clear process for the provision of information to accompany planning applications, that is, undertaking Transport Assessment that results in the production of a Transport Implementation Strategy, which may include one or more travel plans.



Mr Anthony Thickett, Inspector  
The Planning Inspectorate  
Crown Building  
Cathays Park  
CARDIFF  
CF10 3NQ

Eich cyf : Your ref  
Ein cyf : Our ref A—PP030-01-005  
Dyddiad : Date 07 April 2010

Dear Mr Thickett

**Planning and Compulsory Purchase Act 2004  
Town and Country Planning (Local Development Plan) (Wales) Regulations 2005  
The Cardiff Council Local Development Plan 2006 - 2021**

Thank you for your letter informing the Welsh Assembly Government that, following a request by Cardiff Council, you are recommending that their submitted draft local development plan (LDP) is withdrawn.

The Minister for Environment, Sustainability and Housing, one of the Welsh Ministers, has noted the concerns of Ms. Phillips and yourself in regard to the soundness of the submitted Cardiff Deposit LDP 2006-2021. Consequently, the Minister has decided not to intervene in this matter and will not overrule your recommendation. Cardiff Council are therefore able to withdraw their LDP by virtue of section 66(2)(a) of the Planning and Compulsory Purchase Act 2004 (c.5).

I have copied this letter to Mr James Clemence, Operational Manager – Planning Policy of Cardiff Council so he is aware that the Council are now able to withdraw their plan, and to remind the Council of the need to comply with the requirements of regulation 26 of The Town and Country Planning (Local Development Plan) (Wales) Regulations 2005 (S.I. 2005/2839) as soon as reasonably practicable after withdrawal.

Yours sincerely

**ROSEMARY THOMAS**  
Chief Planner/Deputy Director



**RIFW New Board Member Induction  
Agenda  
9am – Noon, 17<sup>th</sup> January 2011**

**Location: Plas Glyndwr, Cardiff**

Attendees:

Chris Holley

Richard Anning

Jonathan Geen

Christopher Munday

Rebecca Johnson

1. Introductions
2. Information provided – contents sheet
3. Organisational Structure – Structure Chart
4. How the Fund Works – Presentation
  - a. Role of Board
  - b. Role of FM
  - c. Role of IM
5. Governance and Audit
  - a. Fund Internal Audit
  - b. European Audit
6. Capital Structure
  - a. Cash
  - b. Assets
  - c. European Grant
7. State Aid
8. Investment Policy and Decision Making
  - a. Investment Policy/Constraints
  - b. Annual Business Plan

# **Cronfa Buddsoddi Cymru mewn Adfywio Regeneration Investment Fund for Wales**

a  
**J E S S I C A**  
(Joint European Support for Sustainable Investment in City Areas)  
initiative

## **New Board Member Presentation**



# JESSICA



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

**J**oint  
**E**uropean  
**S**upport for  
**S**ustainable  
**I**nvestment in  
**C**ity  
**A**reas

Financial Engineering Instrument introduced by the **European Commission** in collaboration with the **European Investment Bank (EIB)** to use **existing ERDF allocations**.

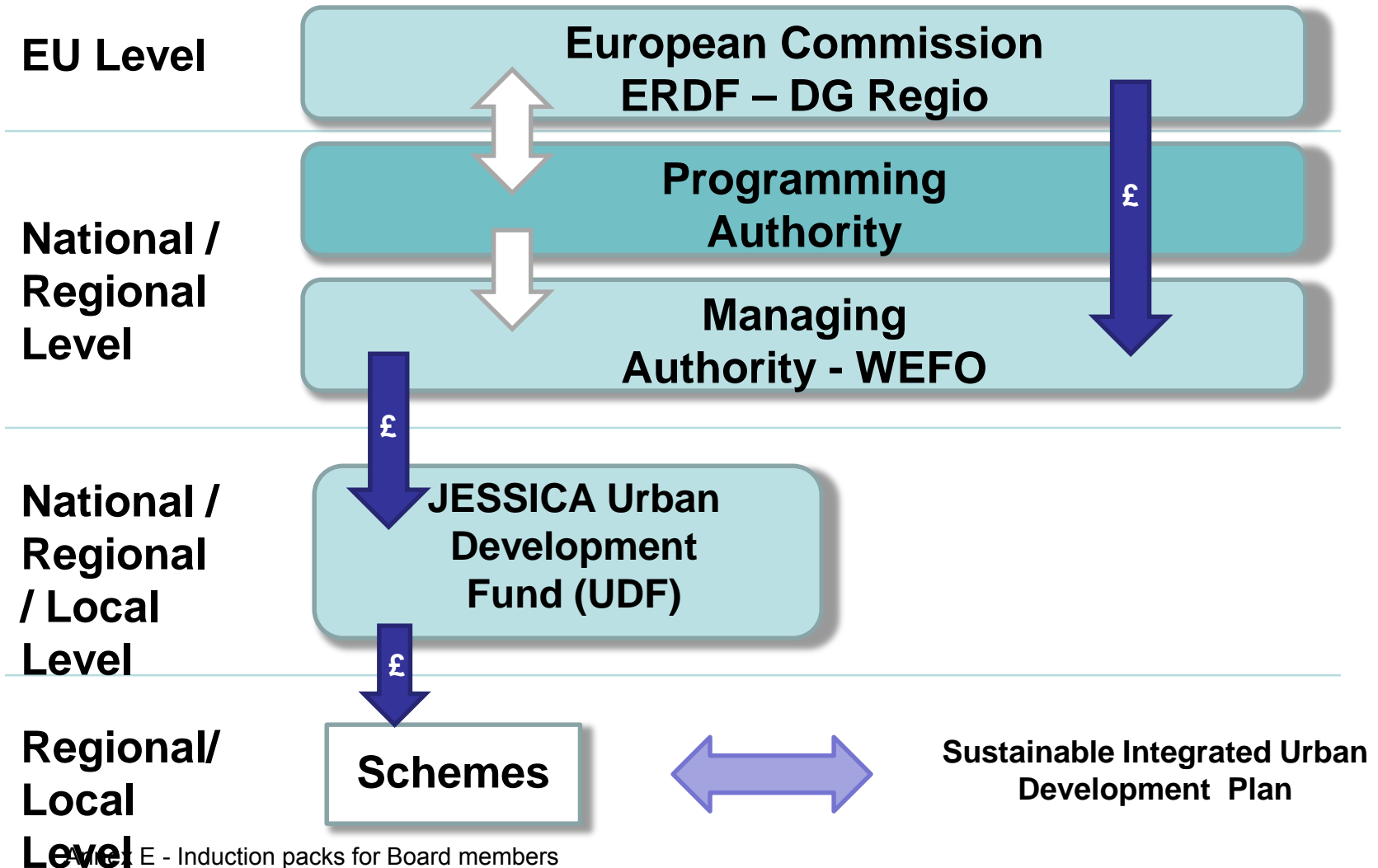
**Investment not grant** – a revolving fund for investment in regeneration projects over the medium term, with potential for returns to be reinvested into the fund.



# Introducing JESSICA and UDFs



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government



# Introducing RIFW



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

- **R**egeneration **I**nvestment **F**und for **W**ales LLP - Cronfa Buddsoddi Cymru Mewn Adfywio
- An Urban Development Fund (UDF)
- Subsidiary of Welsh Ministers
- Established March 2010, 12 year life
- £55m to invest in urban regeneration across Wales
- First investments by end of 2010 or early 2011
- Fund Manager Amber Infrastructure and Investment Manager Lambert Smith Hampton

# Advantages of JESSICA for Wales



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

- Investment not grant – recyclable capital fund
- Leverage additional public and private monies into Wales
- Bring additional expertise and resource to Wales
- Provide development finance for projects that have stalled or cannot access funding
- Potential return for the public sector for reinvestment in urban regeneration
- Lasting legacy from ERDF funds

# Strategic Objectives for RIFW



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

- To stimulate significant investment in “place” to compliment the Welsh Assembly Government’s investment in people and the economy.
- To promote Sustainable Urban Development across Wales
- To increase the pace of change and access to finance for regeneration
- To contribute to the delivery of the Convergence Operational Programme and One Wales agenda

# Role of Private Sector, LAs and HE/FE institutions



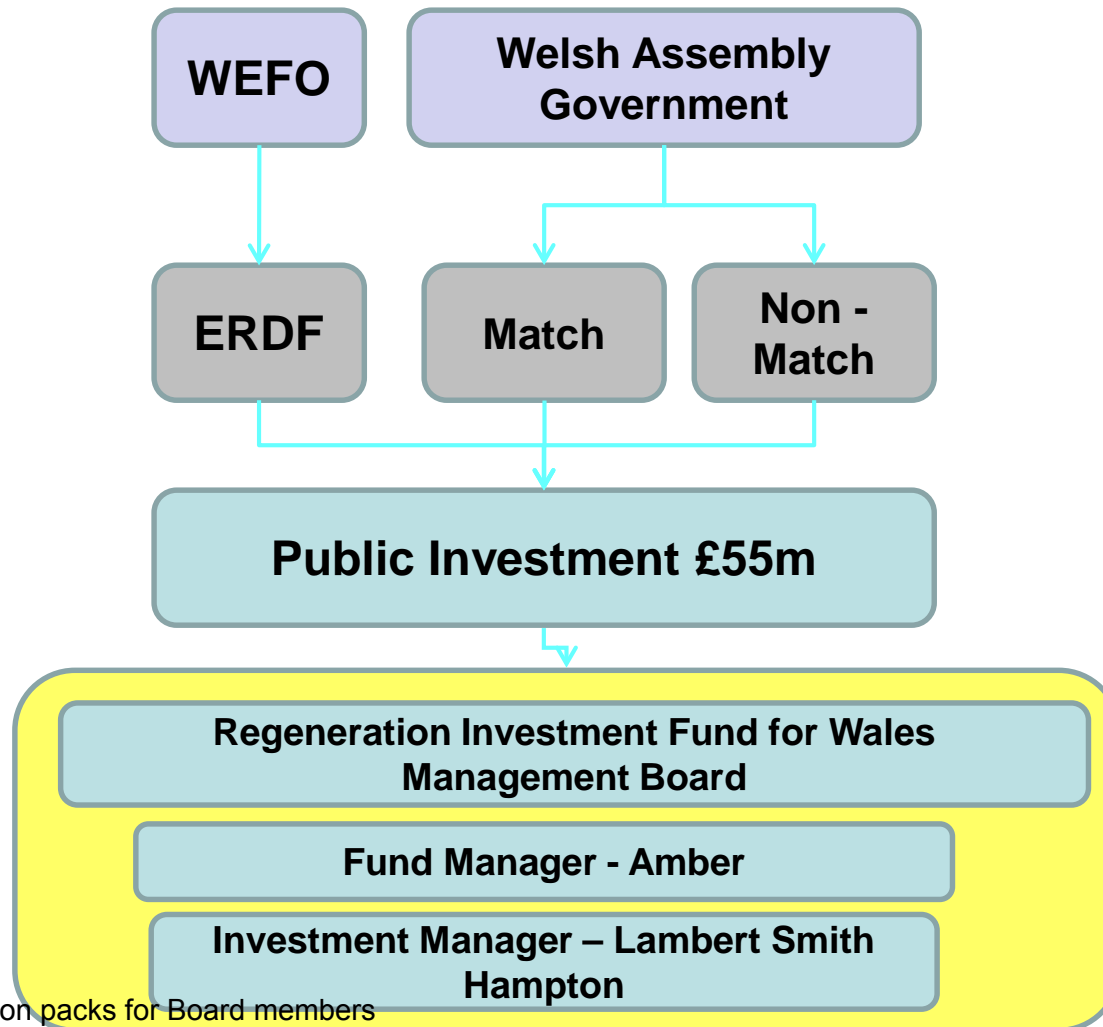
Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

- Bringing forward regeneration projects suitable for investment
  - Provide information to the fund for appraisal
  - Removing potential barriers
- Forming alliances and suitable vehicles for projects which are to receive investment
- Key stakeholders

# Structure: Phase 1 – Public Fund



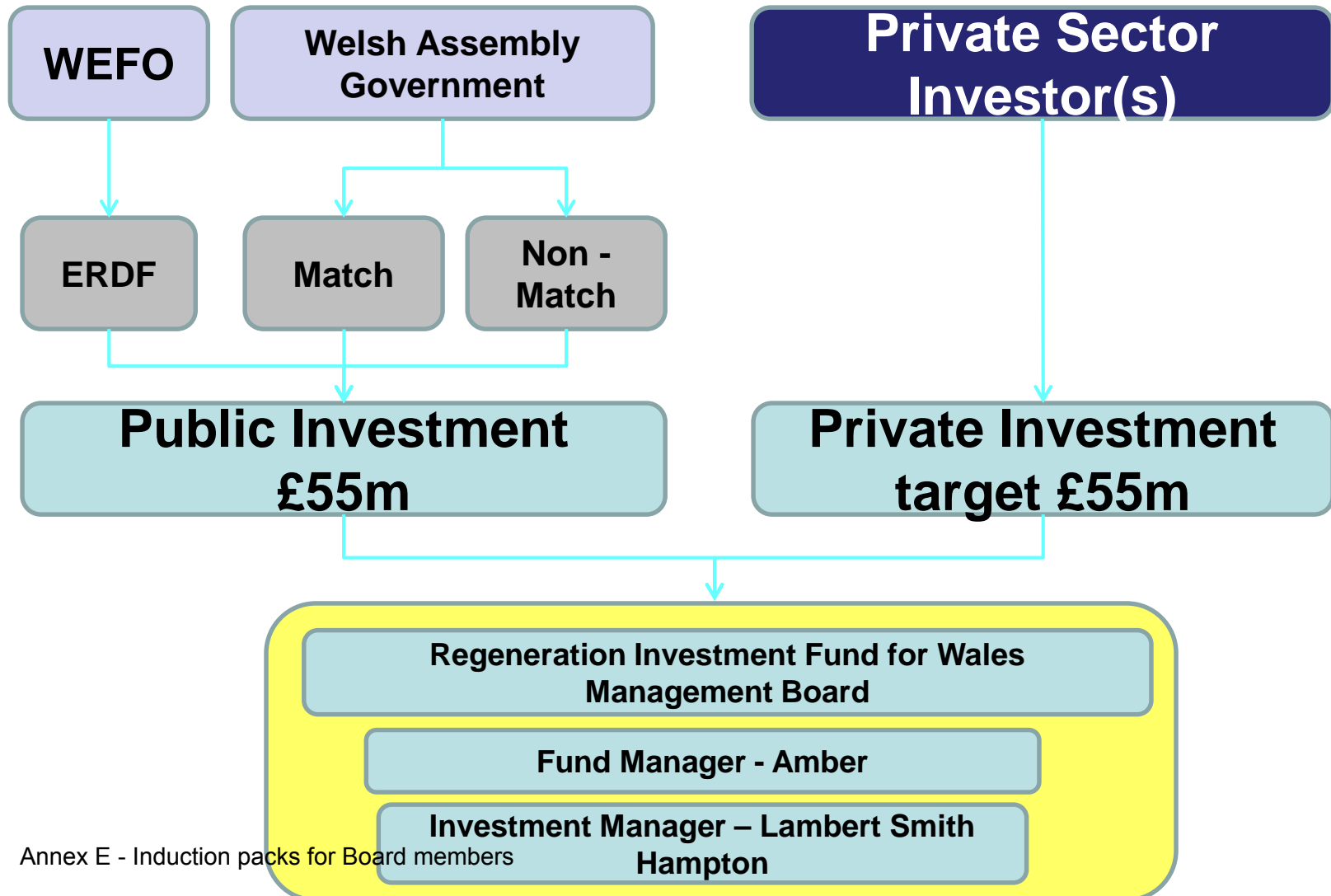
Llywodraeth Cynulliad Cymru  
Welsh Assembly Government



# Structure: Phase 2 Public Private Fund



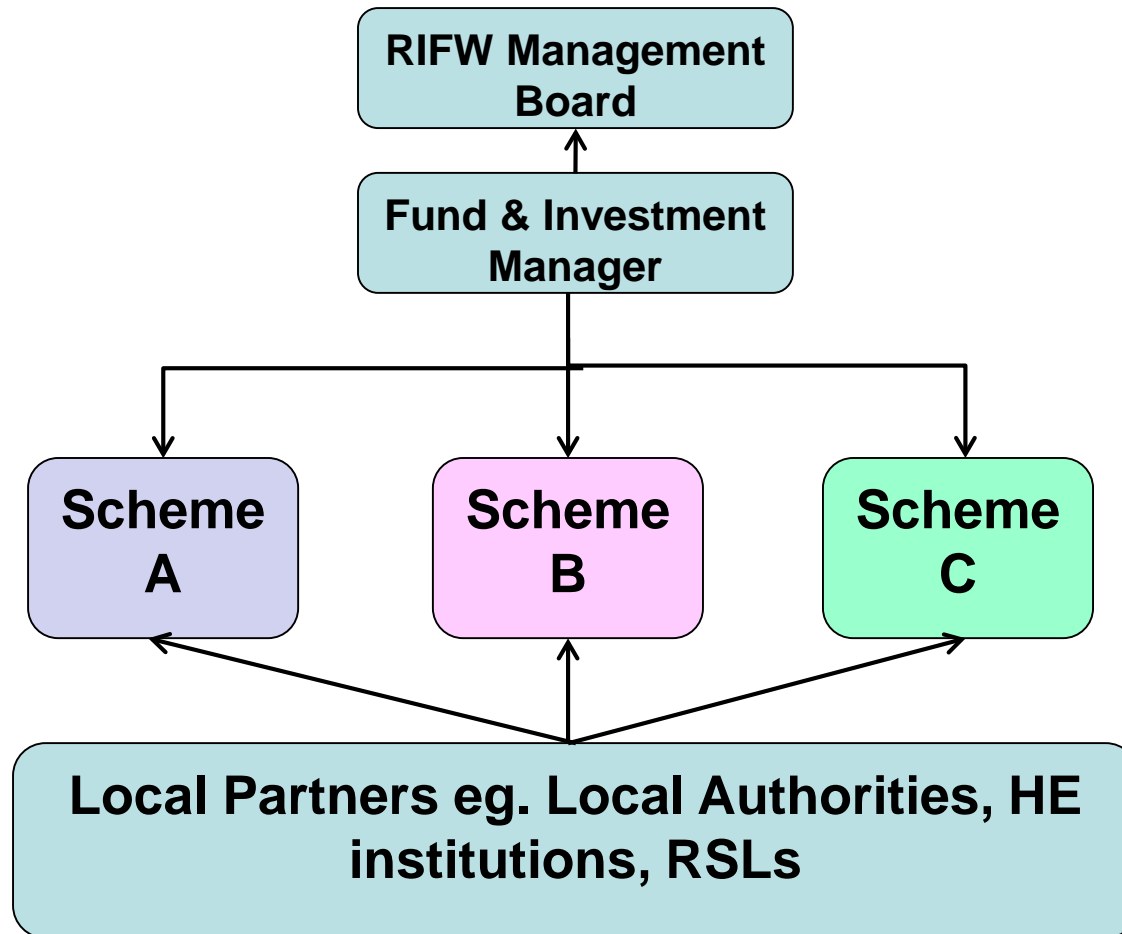
Llywodraeth Cynulliad Cymru  
Welsh Assembly Government



# Structure – scheme investments



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government





# Role of the IPSUD



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

- IPSUD – Integrated Plan for Sustainable Urban Development
- All investments made by the RIFW must be included within an IPSUD (JESSICA regulations)
- Ensures holistic approach to regeneration which will meet the long term needs of the area, including:
  - Social (eg. Access to services, promote social inclusion)
  - Economic (eg. Creating local employment)
  - Environmental (eg. Protect natural habitats, quality public spaces)
  - Transport (eg. Links to public transport and cycling/ pedestrian routes)
- Evidence of inclusion in an IPSUD must be provided by all investee schemes, using combination of existing strategies/ planning documents

# A Pan- Wales Fund



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

ERDF + Match  
must be spent  
*initially* in  
convergence  
areas on eligible  
expenditure  
(£40m)



Other resources  
within fund:

- £15m WAG
- Potential private sector investment
- Recycled returns can be invested **across Wales**, and used for broader range regeneration activities

# Potential RIFW Investments



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Welsh Assembly Government

RIFW projects might include:

- Mixed use regeneration schemes including employment, retail and housing
- Town centre redevelopment
- Education projects
- Health or energy projects (as part of wider regeneration initiative)
- Transport or other strategic infrastructure works.

# Types of RIFW Investments



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Welsh Assembly Government

- Loan, equity or rental guarantee
- Initial focus on loans for state aid reasons
- Senior debt – long term loans on commercial terms; interest rate determined at margin over LIBOR. Some security likely to be required from borrower (over assets/ warranties/ guarantees)
- Mezzanine debt – fixed term and fixed rate of interest, not convertible to equity

# Role of the Management Board



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

- Approving the Fund's business plan annually which includes
  - Asset Realisation Plan
  - Investment Strategy
  - Marketing Strategy for Investment in Schemes
  - Strategy for Social Responsibility in Investment
  - Performance targets
  - Idle funds policy
- Ensuring an appropriate Governance structure is in place;
- Monitoring the performance of the fund manager and ultimately the investment manager;
- Ensuring the Fund complies with all statutory and policy requirements (including European regulations relating to JESSICA); and,
- Ensuring the Fund is an exemplar of best practice.

# Role of the Fund Manager



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

- Responsible for fund administration, operations compliance and overall performance
- Reports to the Management Board
- Makes investment decisions in accordance with approved Investment Strategy
- Produces annual fund Business Plan and Investment Strategy
- Monitors performance and manages risk
- Secure private investment for the fund

# Role of the Investment Manager



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

- Management of property assets held by the fund, including disposals to realise cash for investment
- Sourcing investment opportunities for the fund, including marketing and promotion
- Initial appraisal of opportunities and recommendations to Fund Manager
- Monitor performance of investments
- Key contact for Local authorities and other partners

# Application Process



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

## 1. Scheme Promoter (SP)

- Scheme Promoter (SP) contacts Investment Manager, who provides guidance re: UDF objectives, operation, assessment criteria and documentation requirements.
- SP prepares business plan, required documentation (including financial model and investment required, and submits to Investment Manager

## 2. Investment Manager (IM)

- Investment Manager reviews project application
- May need to conduct independent technical studies/ valuation / due diligence/ verification
- Investment Manager decides whether to recommend scheme to FM, if yes, prepares papers to support the proposed scheme investment.

## 3. Fund Manager (FM)

- Fund Manager reviews proposal, considers potential financial terms, structuring enhancements, tests sensitivities
- If decide to invest – consider whether within agreed investment parameters. If yes, proceed, if no, elevate to UDF board for approval.
- Fund Manager prepares legal agreement (for loan/ equity/ guarantee) to SP. Once agreed, Fund Manager transfers funds to Scheme Promoter.
- Investment Manager monitors progress of scheme against agreement and business plan.

Annex E - Induction packs for Board members



# Investment Selection criteria



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

## Strategic Fit

- Does the scheme fit within an Integrated Plan for Sustainable Urban Development?
- Does the scheme align with the regeneration objectives of the fund, including One Wales?
- Does the scheme contain eligible expenditure under the JESSICA regulations and ERDF national eligibility rules?
- Has an equality impact assessment and environmental impact assessment been undertaken?
- Does the scheme fit within the Funds Social Responsibility in Investment policy?

## Deliverability

- Is there an established delivery mechanism for the project?
- Can ERDF and match be defrayed by the scheme by 2015?
- What are the key risks and barriers to delivery of the scheme and how can these be mitigated? Eg. Planning, abnormalities, stakeholder and community support.

## Financial Viability

- Has a development appraisal been undertaken and available?
- Is the project financially and commercially viable to support repayment of a loan?
- Are other sources of finance required in place?
- How does the scheme fit within the need for a balanced RIFW portfolio?

## RIFW New Board Member Induction

### Information on Disc

1. New Board Member Presentation
2. Organisation Chart
3. Legal Documents
  - a. Members Agreement
  - b. Fund Manager's Agreement
  - c. Investment Manager's Agreement
  - d. WEFO Offer Letter
  - e. Initial Business Plan
4. Governance
  - a. Initial Delegations
5. Assets
  - a. Asset Realisation Schedule (Schedule of Transferred Assets with short description)
6. Investments
  - a. Integrated Plan for Sustainable Urban Development (IPSUD)

**Mr Richard Anning**

**TERMS AND CONDITIONS OF APPOINTMENT TO REGENERATION  
INVESTMENT FUND FOR WALES MANAGEMENT BOARD**

**1. BACKGROUND**

The Regeneration Investment Fund for Wales (“the Fund”) is based on a European Union (“EU”) funding programme known as “JESSICA”, which is a new way of using EU funding to promote sustainable investments and growth in urban areas. These investments, which may take the form of equity, loans and/or guarantees, and which are repayable, are delivered to projects via Urban Development Funds. In contrast to conventional grant-funding, these investments will provide a financial return to the public sector, creating a recyclable Regeneration Fund, which extends beyond the life of the EU funding programme.

The principal innovation with JESSICA is that the use of European Funding is no longer restricted to the provision of grants for individual projects, but can now be committed to a Fund. In 2009, it was announced that the name of the JESSICA fund in Wales would be “The Regeneration Investment Fund for Wales”.

In March 2010, the Deputy Minister for Housing and Regeneration, Jocelyn Davies, AM, approved the establishment of the Fund as a Limited Liability Partnership. On 9 August 2010, the Deputy Minister announced that Amber Infrastructure and Lambert Smith Hampton had been appointed as the Fund and Investment Managers for the Fund following an Official Journal of the European Union open procurement process.

Section 60 of the Government of Wales Act (GoWA) 2006 authorises the Welsh Ministers to do anything which they consider appropriate to achieve the promotion or improvement of the economic, social or environmental well-being of Wales. Section 62 of GoWA 2006 allows the Welsh Ministers, the First Minister and the Counsel General to make appropriate representations about any matter affecting Wales; and under Section 71 of GoWA 2006 Welsh ministers may do anything (including the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the exercise of any of their other functions.

**2. ROLE OF THE REGENERATION INVESTMENT FUND FOR WALES MANAGEMENT BOARD**

The Board’s duties will include ensuring the proper and efficient conduct of the Fund, agreeing, reviewing and monitoring the delivery of the Fund Investment Strategy and overseeing progress against the business plan. The Board will also support the Chairman in leadership of the Board while monitoring responses to future challenges and responsibilities.

**2.2 Budget available to the Regeneration Investment Fund for Wales Management Board**

### **3. DUTIES**

3.1 You are not an employee. Accordingly nothing in this document shall be construed as, or taken to create, a contract of employment between you and the Welsh Assembly Government.

3.2 As a Member you will be expected to:

- Ensuring the proper and efficient conduct of the Fund;
- Agreeing, reviewing and monitoring the delivery of the Fund Investment Strategy;
- Agreeing and reviewing the annual Business Plan to which the Fund Manager will work, spending to profile and achieving results;
- Monitoring and reviewing the Fund's financial standing and asset register;
- Monitoring performance of Fund Manager and Investment Manager in accordance with the terms of their service contracts;
- Ensuring investment of the Fund is in compliance with European Regional Development Funds and Urban Development Funds;
- Reviewing and approving accounts of the Fund;
- Actively promoting the Fund and its achievements;
- Supporting the Chairman in leadership of the Board while monitoring responses to future challenges and responsibilities;
- Scrutinising the performance and efficacy of the Investment Strategy in meeting agreed goals and objectives, and monitor the reporting of performance;
- Ensuring that decisions made by the Board follow proper procedures, are supported by sufficient high quality information and are robust and defensible;
- Staying abreast of policy approaches to the JESSICA programme in other parts of the UK and beyond in order to learn from those and to evaluate Wales' relative performance;
- Ensuring that the operation of the Fund is within its powers ;
- Exercising independent judgment, reasonable care, skill and diligence in undertaking duties; and
- Acting in the best interests of the Fund.
- Ensuring that the Committee on Standards in Public Life's Seven Principles of Public Life are adhered to

### **4. PERIOD OF APPOINTMENT**

4.1 Your appointment will commence on the 1<sup>st</sup> January 2011 and expire on the 31<sup>st</sup> December 2013. The appointment can be terminated early by either party, by giving one months notice, in writing.

4.2 Should the Regeneration Investment Fund for Wales be dissolved, restructured or wound up before the end of your normal period of appointment, your appointment will terminate on dissolution, or such other date as is specified in any relevant legislation.

4.3 The appointment will be terminated immediately, should you be convicted of a criminal offence, and/or where the Deputy Minister believes that your conduct means you are no longer a suitable person for the office of Board Member.

## **5. REMUNERATION**

5.1 Service on the Regeneration Investment Fund for Wales Management Board is not currently remunerated and does not carry with it any right to pension or gratuity on termination.

## **6. EXPENSES**

6.1 Travel and subsistence expenses you incur in attending Regeneration Investment Fund for Wales Management Board meetings or on visits on behalf of the Regeneration Investment Fund for Wales Management Board will be reimbursed by Regeneration Investment Fund for Wales LLP at the rate currently applying to members of Government Committees. Claims for reimbursement should be made to the secretariat.

6.2 Childcare and other dependent expenses may be paid, on production of receipts, for additional costs incurred as a direct consequence of duties performed in the capacity of your work for the Regeneration Investment Fund for Wales Management Board.

## **7. TIME COMMITMENT/LOCATION**

7.1 You will be expected to commit 4 days per year.

7.2 You will be expected to be available to meet 4 times per year or as necessary. Meetings will normally take place in Cardiff, but it is possible that these could be in other locations throughout Wales.

## **8. ATTENDANCE**

8.1 You are expected to attend the meetings regularly. Your appointment may be terminated, without notice, if attendance becomes so erratic as to interfere with the good running of the Regeneration Investment Fund for Wales Management Board.

## **9. GIFTS AND HOSPITALITY**

9.1 You are expected to ensure that acceptance of gifts and hospitality can stand up to public scrutiny. Gifts should be declined wherever possible, and any offers should be reported to the secretariat. Where it would be ungracious or otherwise difficult not to accept, you should inform the secretariat of the gift, the estimated value and the donor. You must take personal responsibility to ensure that a record is placed in the hospitality register of the Regeneration Investment Fund for Wales Management Board. Similarly, care should be taken that no extravagance is involved with working lunches and other social occasions.

## **10. CONDUCT**

- 10.1 You will hold office subject to compliance with the Public Standards Committee's seven Principles of Public Life and the guidance issued by the Regeneration Investment Fund for Wales Members Agreement. Copies of these are attached to these terms and conditions.

## **11. CONFLICTS OF INTEREST**

- 11.1 You must declare any personal or business interests which may, or may be perceived to, influence your judgements in performing your functions.
- 11.2 You will appreciate that a public body of this sort attracts considerable public interest and is accountable to the Welsh Assembly Government, through the Deputy Minister for Housing and Regeneration, for its stewardship. It is particularly important to ensure that there is no possible conflict of interest between your current responsibilities (or previous positions) and the responsibilities of this post. You must exercise caution in taking up new responsibilities which could conflict with the interests of this body and should notify the Welsh Assembly Government before you accept any new appointment which is offered to you.
- 11.3 These interests will be included in a register of interests maintained by the Regeneration Investment Fund for Wales Management Board and you must ensure that your entries are kept up to date.
- 11.4 Should a particular matter give rise to a conflict of interest you are required to inform the Chair of the Regeneration Investment Fund for Wales Management Board in advance and withdraw from discussions or consideration of that matter.
- 11.5 You are encouraged to register your own non-pecuniary interests and interests of [close family members and] persons living in the same household which are closely related to the activities of Regeneration Investment Fund for Wales Management Board.
- 11.6 The Welsh Assembly Government may have to ask you to resign your appointment with the Regeneration Investment Fund for Wales if you wish to accept another appointment.

## **12. POLITICAL ACTIVITY**

- 12.1 You are not expected to occupy paid party political posts or hold particularly sensitive or high roles in a political party. Subject to the foregoing, you are free to engage in political activities provided that you are conscious of your general public responsibilities and exercise a proper discretion, particularly with regard to the work of the Regeneration Investment Fund for Wales Management Board.
- 12.2 You are expected to inform the Welsh Assembly Government if you intend to accept a prominent position in any political party and understand that your appointment to the Regeneration Investment Fund for Wales

Management Board may be terminated early, if it is felt that the positions are incompatible.

- 12.3 If you, at any time during your term of office, accept a nomination for election to [include here any disqualifications eg the House of Commons, European Assembly, National Assembly of Wales etc], you will need to resign your appointment.

**13. BANKRUPTCY**

- 13.1 You may be removed from office before the end of your term of appointment if you have been made the subject of a bankruptcy order [depending on the body's founding legislation].

**14. OFFICIAL SECRETS ACT**

- 14.1 The provisions of the Official Secrets Act 1911 to 1989 apply to members of the Regeneration Investment Fund for Wales Management Board. Unauthorised disclosure of any information gained in the course of this appointment, or its use by you or others for personal gain or advancement, could result in your appointment being terminated early, or even criminal prosecution.

**15. BUSINESS APPOINTMENTS**

- 15.1 You will need to clear with the Chairman, in advance, any appointment or employment taken up within 1 month of leaving the Regeneration Investment Fund for Wales Management Board.

I agree to abide by the Terms and Conditions of Appointment contained herein:

Signed: \_\_\_\_\_

Name (Block Capitals): \_\_\_\_\_

Date: \_\_\_\_\_

## Initial Asset Realisation Schedule

<b>Asset:</b>	<b>Description:</b>	<b>Transfer Value:</b>
<b>1.</b> Imperial House & Courtyard	<ul style="list-style-type: none"> <li>➤ Two interlinked buildings – two storeys</li> <li>➤ Site area 3.25 hectares</li> <li>➤ Freehold</li> </ul>	£5,200,000
<b>2.</b> Farms at Lisvane, Cardiff	<ul style="list-style-type: none"> <li>➤ Three farm holdings. Area of 121 acres</li> <li>➤ Promoted as alternative mixed use development site</li> <li>➤ Freehold</li> </ul>	£1,835,000
<b>3.</b> Wrexham Industrial Estate	<ul style="list-style-type: none"> <li>➤ Development site of 16.5 acres</li> <li>➤ Freehold</li> </ul>	£390,000
<b>4.</b> Llantrisant Business Park	<ul style="list-style-type: none"> <li>➤ Development site of 4.37 acres</li> <li>➤ Freehold</li> </ul>	£330,000
<b>5.</b> Upper House Farm, Glamorgan	<ul style="list-style-type: none"> <li>➤ Detached bungalow and land of 31.5 acres</li> <li>➤ Housing allocation in current UDP</li> <li>➤ Freehold</li> </ul>	£2,700,000
<b>6.</b> Land at Cogan Hall Farm, Penarth	<ul style="list-style-type: none"> <li>➤ Various parcels of land</li> <li>➤ Access point to neighbouring development land.</li> <li>➤ Freehold</li> </ul>	£350,000
<b>7.</b> Garth Park, Talbot Green	<ul style="list-style-type: none"> <li>➤ Green field site of 18 acres</li> <li>➤ Employment land use allocation</li> <li>➤ Freehold</li> </ul>	£210,000



<b>8. Goetre Uchaf, Bangor</b>	<ul style="list-style-type: none"> <li>➤ Agricultural land of 33.7 acres</li> <li>➤ Detached 4 bed house and farm building</li> <li>➤ UDP allocation for new houses</li> <li>➤ Freehold</li> </ul>	£1,500,000
<b>9. Ty Mawr, Anglesey</b>	<ul style="list-style-type: none"> <li>➤ Hotel site – now demolished</li> <li>➤ 2.63 acres</li> <li>➤ Expired consent for nursing home</li> <li>➤ Candidate site for prestige employment</li> <li>➤ Freehold</li> </ul>	£150,000
<b>10. Ty Draw Farm, Pyle, Bridgend</b>	<ul style="list-style-type: none"> <li>➤ Undeveloped site of 15 acres</li> <li>➤ Restrictive covenant regarding use</li> <li>➤ Freehold</li> </ul>	£100,000
<b>11. Mayhew Foods Site, Aberdare</b>	<ul style="list-style-type: none"> <li>➤ Site of a former factory</li> <li>➤ 6.89 acres</li> <li>➤ Employment land allocation</li> <li>➤ Freehold</li> <li>➤ Issues</li> <li>➤ On site contamination identified from historic land uses</li> <li>➤ Flood risk</li> <li>➤ Physical constraints and on site contamination reduce values</li> <li>➤ Uncertainty over future planning potential</li> </ul>	£300,000
<b>12. Anchor Way, Penarth</b>	<ul style="list-style-type: none"> <li>➤ Irregular parcel of land beneath roadway</li> <li>➤ 0.297 acres</li> <li>➤ Freehold</li> </ul>	£100,000

<b>13. Wonastow Road, Monmouth</b>	<ul style="list-style-type: none"> <li>➤ Agricultural holding of 67 acres</li> <li>➤ Part allocated for employment use</li> <li>➤ Promoted as a candidate site for mixed use scheme</li> <li>➤ Freehold</li> </ul>	<p style="text-align: center;">£990,000</p>
<b>14. Towyn Way East, Towyn</b>	<ul style="list-style-type: none"> <li>➤ Two parcels of agricultural land – 25.7 acres</li> <li>➤ Previous residential planning consent</li> <li>➤ Promoted for residential in LDP</li> </ul>	<p style="text-align: center;">£155,000</p>
<b>15. Penybryn Site, St Asaph</b>	<ul style="list-style-type: none"> <li>➤ Agricultural holding - 35.2 acres</li> <li>➤ No land use allocation</li> <li>➤ Freehold</li> </ul>	<p style="text-align: center;">£230,000</p>
<b>16. St George Road, Abergele</b>	<ul style="list-style-type: none"> <li>➤ Four fields - 11 acres</li> <li>➤ Adjacent to housing estate</li> <li>➤ Promoted for residential development</li> <li>➤ Freehold</li> </ul>	<p style="text-align: center;">£90,000</p>
<b>17. Waenfynydd, Llandudno Junction</b>	<ul style="list-style-type: none"> <li>➤ Agricultural holding – 5.7 acres</li> <li>➤ Detached farmhouse and bungalow</li> <li>➤ No land use allocation</li> <li>➤ Freehold</li> </ul>	<p style="text-align: center;">£520,000</p>
<b>18. Brackla, Industrial Estate, Bridgend</b>	<ul style="list-style-type: none"> <li>➤ Two areas of land, part agricultural</li> <li>➤ 100 acres</li> <li>➤ Employment use allocation in UDP</li> <li>➤ Freehold</li> </ul>	<p style="text-align: center;">£5,500,000</p>
<b>Totals</b>		<p style="text-align: center;"><b>20,650,000</b></p>

## **Principal Accounting Officer Note 007**

### **MACHINERY OF GOVERNMENT CHANGES**

1. This Principal Accounting Officer note sets out the procedures to be implemented when there is a Machinery of Government change – a transfer of responsibilities, with the associated resources, between Directors General. Machinery of Government changes can often arise as a result of a change in Ministerial responsibilities, for example through a Cabinet reshuffle. When these circumstances arise it is important that the administrative changes are made smoothly and swiftly to ensure a seamless transition so that delivery and service to Ministers is not interrupted.
2. As soon as I am notified by the First Minister of a Machinery of Government change the relevant Directors General whose areas of responsibility are changing should ensure that the staff involved are given notification at the earliest possible stage of the change, and, if possible, how it will impact upon them. There will need to be clarity, agreed with Ministers, about exactly when the changes will come in to effect - usually immediately but it is important that there should be no confusion or ambiguity about where responsibilities lie at any particular moment in time.
3. Early agreement will need to be reached between the Directors General, and endorsed by the relevant Ministers, for the programme and running cost budgets to be transferred. This is particularly important since the responsibilities of the Additional Accounting Officers are tied to the budgets for which they have oversight.
4. Please be mindful that these changes can involve sudden moves for staff between Director General areas and it is important that any such changes are handled sensitively and with as much communication as possible.

### **Ministerial Handovers**

5. The business of Government continues through the Machinery of Government changes and Ministers will be expected to take over immediately the duties and engagements arising from the new responsibilities which they will be acquiring, including diary engagements, speaking engagements and Assembly business. Both the Director General areas concerned should work together to provide particularly close support to the Ministers as they pick up new responsibilities at short notice. In addition, Ministers should receive very quickly after assuming their new responsibilities a briefing note which outlines the key issues and challenges arising from the new responsibilities. The briefing note should include the schemes of delegation which have previously been established within that Department as well as details of any significant ongoing and outstanding correspondence. Feedback should be sought from Ministers on the effectiveness of such briefing.
  
6. Where Ministers face particularly challenging or sensitive issues early on in the acquisition of the new responsibilities then it may be more practical for them to be supported in the short term by senior officials in the outgoing department who will be more familiar with the issues concerned.

### **Transfer Arrangements**

7. Once these immediate steps have been taken, the department which is transferring responsibilities should prepare for the receiving Director General area a summary of the administrative issues and main risks in the portfolio of work which is being transferred. As a minimum, this should include the strategic objectives of the programmes being transferred, the delivery mechanisms, any significant budget commitments, any unfunded pressures and the major risks from the Corporate Risk Register of the outgoing department. An example of a transfer note which was used recently is at Annex A to this note. All the corporate documents needed to support the smooth transition should be compiled in to a handover pack - an example of the contents of one is appended to the example transfer note. The transfer pack will need to go to the receiving Director General, their Head of Operations and to the Chairs of the Corporate Governance Committees involved. Copies should also go to the Director of Governance and to the Chair of the main Corporate Governance Committee. The receiving department should acknowledge receipt in writing.

8. Continuity of attention is an important part of the roles of our Corporate Governance Committees. In line with the transfer protocol agreed with the Chairs of the Corporate Governance Committees, the Chair of the Corporate Governance Committee with outgoing responsibility for that subject area should write to the Chair of the receiving Committee to draw the attention of the Committee to any major issues of concern or other matters which will assist the new Committee in taking over scrutiny responsibility for that area. A copy of a letter recently issued by a Chair of a Corporate Governance Committee on the advice of the outgoing Head of Operations Division is at Annex B. Feedback on the effectiveness of the briefing to Ministers and the transfer arrangements overall should be shared with the Corporate Governance Committee.

### **Delegations and Financial Transfers**

9. Each of the areas concerned will need to liaise closely with Finance and Corporate Services for agreement of the budget transfers so that these can subsequently be reflected in the budget arrangements of the Welsh Government. Once resource transfers have been confirmed, the Permanent Secretary will issue amended Delegation Letters to the Directors General, which will confirm the transfer of Additional Accounting Officer responsibility. Directors General will then need to issue their own amended Delegation Letters to their staff.
10. Ministers will of course wish to agree the major arrangements for resource transfers between themselves but there may be occasions, in particular in relation to running costs transfers, where it is left to officials to agree on the appropriate arrangements. In most cases agreement should be able to be reached swiftly on a bilateral basis but where Directors General are unable to reach agreement within a week then the Director of Governance will act as binding arbitrator.

### **Housekeeping Arrangements**

11. It is important that all of our corporate systems are updated swiftly to reflect movement of staff and assets as a result of the portfolio changes. The receiving department should take responsibility for any changes to Snowdrop, the Business Directory and the Atos managed central asset register. In addition, the Intranet and Internet should be updated to reflect any changes as soon as possible but at the

latest within 5 working days of the changes taking effect. All changes relating to the transfers should normally be implemented within four weeks of initiation.

**Derek Jones**

**Permanent Secretary**

**2 September 2014**

## **Annex A**

To: Rob Hunter

From: Dean Medcraft

Date: 14 July 2014

### **The Transfer of Responsibility of Agriculture, Fisheries, Food, Marine and OCVO from Sustainable Futures to the Department for Economy Science and Transport.**

1. I am writing to you as Head of Operations for Sustainable Futures to confirm the process we are following for the transfer of responsibility of Agriculture, Fisheries, Food, Marine and the Office of the Chief Veterinary Officer to the Department of Economy, Science and Transport.
2. At the Sustainable Futures Corporate Governance Committee on 11 July there was a discussion around the transfer process followed and areas that needed to be highlighted to the Department for Economy, Science and Transport Corporate Governance Committee regarding the transfer of resources as a result of the Ministerial changes last week.
3. As you are aware on 8 July 2014 it was announced that Agriculture, Fisheries, Food, Marine and the Office of the Chief Veterinary Officer would transfer from Sustainable Futures to Economy, Science and Transport.
4. Andrew Slade, Director for Agriculture, Fisheries, Food and Marine and Christianne Glossop, Chief Veterinary Officer, transferred into the Department for Economy, Science and Transport on 9 July. All staff within those Directorates transferred along with them. A number of staff in the Sustainable Futures Operations Division who supported those Directorates also transferred.
5. A joint note to staff was issued from the Directors General confirming the transfer arrangements on 9 July 2014 following face to face discussions with teams and individual members of staff.
6. Edwina Hart AM OStJ MBE, Minister for Economy, Science and Transport and Rebecca Evans AM, Deputy Minister for Agriculture and Fisheries, received A-Z Briefing on Key and Emerging Policy Issues on 9 July 2014. Due to the priority need

to ensure the main functions of government business remain uninterrupted these have remained with Gareth Woodhead in my Operations Division to date – including lead on all matters concerning Welsh Government presence at the Royal Welsh Show (21 – 24 July). A hand-over on all other matters is due to conclude shortly.

7. As part of these transfer arrangements I should draw your attention to the following issues, currently being managed by those Directorates transferring into the Department for Economy, Science and Transport on which you and your Corporate Governance Committee should, in my opinion, focus your attention. These are:

- Legislative Programme
- Animal Disease Outbreaks
- European Union Pre-Infraction case - Special Areas of Conservation for harbour Porpoise
- Marine Transition Programme
- Common Agricultural Payments Disallowance
- Personal Tax Liability of Staff working in Fisheries and Marine as a result of private use of Welsh Government Assets

8. Other specific transfer issues include:

- significant unfunded capital pressures on CAP reform ICT implementation but these are being managed by the Programme Board
- significant unfunded programme (and some capital) pressures on delivery of EIDCymru and CPH reform (both also EU requirements – must haves) – on the former NRF financial ‘pressures’ grid, but projects approved and announced by the then Minister – and for delivery of the recently announced Food and Drink Action Plan (stakeholder expectations high and WG credibility at stake)
- Taxation - an issue relating to fisheries vessels and vehicles – work has commenced with Ann Smith in Central Finance to make a tax disclosure in respect of personal tax liability related to the use of Welsh Government owned vehicles used by Fisheries Staff to travel between their home addresses and secondary permanent workplaces. Marine staff use of vehicles has not yet commenced. Work is underway to tighten the staff contractual-terms to reduce the risk of further tax liabilities being incurred. There is a risk that should HMRC review the existing staff contracts, they may dispute that employees are geographically-based, which could in turn result in a very significant tax liability being incurred by the Welsh Government. Gareth Jones has agreed that David



Rees and Julia Douch can continue to support Graham Rees in resolving these issues.

- the need to recruit external expertise to help deliver key components of Glastir (particularly the Woodlands and Advanced elements), for which there is EU money available but an effective block on increasing headcount
  - the need to recruit staff for Rural Payment Wales's (RPW) main CAP specialist processing centre in Carmarthen – again, funded, but casuals cannot be converted to permanent post-holders, and there is an external recruitment embargo. Carmarthen is critical to RPW's forward delivery model, and – through concentration of expertise etc. - for reducing overall staff numbers across the Division in coming years
  - Land Nature and Forestry Division's provision of support to Agriculture Fisheries and Marine work – we will need to ensure that this continues successfully following the split of portfolios
  - NATO summit – at present, we look set to pick up an unexpected tab for the 'showcasing' Welsh food and drink elements of the planned programme in September (expected to be upwards of £250k).
  - Nature Fund – a commitment was made by the previous Minister that the £6million planned expenditure on the Nature Fund would be found within the Rural Development Plan budget. This was discussed and agreed at the Environment and Sustainability Committee held on 16 October 2013.
9. Natural Resources, Culture and Sport is handing over a number of programmes that are dependant on some of the work Sustainable Futures continues to be responsible for and which will need to be managed if benefits are to be delivered in full. These are:
- work on the Nature Fund and on the important role the Rural Development Programme plays in natural resource management and habitat restoration;
  - the design of future frontline services; and
  - the encouragement of markets in ecosystem services and opportunities around 'Green Growth'.
10. I sent you on proposals in respect of Direct Running Costs and Programme budgets and transfers on Friday. I understand that revised delegation letters will be issued by Derek Jones, Permanent Secretary, to James Price and Gareth Jones in due course once the transfer proposals have been agreed.

11. Global changes to the HR system, snowdrop, will take effect from 16 July 2014. Continuity on any human resource issues will be managed through the transfer of the current HR advisor responsible for Agriculture, Fisheries, Food and Marine (Linda Newton), into your department.
12. I have compiled all the corporate documents needed to support the smooth transition of the business into a handover pack, a copy of which accompanies this minute. A list of the corporate documents contained in the handover pack is at Annex A for ease of reference. Gareth Jones will be sending a handover pack to James Price formally transferring responsibility. A copy of this pack has gone to the Chairs of the Sustainable Futures and the Economy, Science and Transport Corporate Governance Committees. A copy will also go to David Richards, Director of Governance.
13. If there is anything else you need please don't hesitate to speak to one of my team.

Dean

14<sup>th</sup> July 2014

Dr A Midha

Dear Arun,

**The Transfer of Responsibility of Agriculture, Fisheries, Food, Marine and OCVO from Sustainable Futures to the Department for Economy Science and Transport.**

Further to our discussion at the Sustainable Futures Corporate Governance Committee on 11 July I have set out the process followed and some areas that I believe need to be highlighted to the Chair of the Enterprise, Science and Transport Corporate Governance Committee regarding the transfer of resources as a result of the Ministerial Changes last week.

On 8 July 2014 it was announced that Agriculture, Fisheries, Food, Marine and the Office of the Chief Veterinary Officer would transfer from Sustainable Futures to Economy, Science and Transport.

Andrew Slade, Director for Agriculture, Fisheries, Food and Marine and Christianne Glossop, Chief Veterinary Officer, transferred to Economy, Science and Transport on 9 July. All staff within those Directorates transferred along with them. A number of staff in the Sustainable Futures Operations Division who supported those Directorates also transferred. A joint note to staff was issued from the Directors General confirming the transfer arrangements on 9 July 2014 following face to face discussions with teams and individual members of staff.

Edwina Hart AM OSTJ MBE, Minister for Economy, Science and Transport and Rebecca Evans AM, Deputy Minister for Agriculture and Fisheries, received A-Z Briefing on Key and Emerging Policy Issues on 9 July 2014.

Natural Resources, Culture and Sport is handing over a number of programmes to the Department of Enterprise, Science and Transport. There are some dependencies remaining with Sustainable Futures which will need to be managed if benefits are to be delivered in full . This includes:

- work on the Nature Fund and on the important role the Rural Development Programme plays in natural resource management and habitat restoration;
- the design of future frontline services; and
- the encouragement of markets in ecosystem services and opportunities around 'Green Growth'.

There are no areas specifically for the Office of the Chief Veterinary Officer that we want to draw to the attention of John Valentine Williams, Chair of the Enterprise, Science and Transport Corporate Governance Committee.

In respect of Agriculture, Fisheries, Food and Marine there are ongoing concerns around:

- animal disease outbreaks
- CAP disallowance risks (ever-present)
- complexity of CAP reform – and subsequent delivery of both P1 and P2 measures
- European Commission pre-infraction proceedings on harbour porpoises.

The issues above are reflected in the risk registers (at section 15) which are included in the handover pack accompanying this letter. Other specific transfer issues include:

- significant unfunded capital pressures on CAP reform ICT implementation is being managed through the Programme Board
- significant unfunded programme pressures on delivery of EIDCymru and CPH reform (both also EU requirements – must haves) – on the former NRF financial ‘pressures’ grid, but projects approved and announced by the then Minister – and for delivery of the recently announced Food and Drink Action Plan (stakeholder expectations high and WG credibility at stake)
- Taxation - an issue relating to fisheries vessels and vehicles – work has commenced with Ann Smith in Central Finance to make a tax disclosure in respect of personal tax liability related to the use of Welsh Government owned vehicles used by Fisheries Staff to travel between their home addresses and secondary permanent workplaces. Marine staff use of vehicles has not yet commenced. Work is underway to tighten the staff contractual-terms to reduce the risk of further tax liabilities being incurred. There is a risk that should HMRC review the existing staff contracts, they may dispute that employees are geographically-based, which could in turn result in a very significant tax liability being incurred by the Welsh Government. Gareth Jones has agreed that David Rees and Julia Douch can continue to support Graham Rees in resolving these issues.
- the need to recruit external expertise to help deliver key components of Glastir (particularly the Woodlands and Advanced elements), for which there is EU money available but an effective block on increasing headcount.
- the need to recruit staff for RPW’s main CAP specialist processing centre in Carmarthen. Carmarthen is critical to RPW’s forward delivery model, and – through concentration of expertise etc - for reducing overall staff numbers across the Division in coming years.
- LNF Division’s provision of support to AF&M work – we will need to ensure that this continues successfully following the split of portfolios.
- NATO summit – at present, we look set to pick up an unexpected tab for the ‘showcasing’ Welsh food and drink elements of the planned programme in September (expected to be upwards of £250k).

In terms of house-keeping within Sustainable Futures, discussions in relation to the formal transfer of budgets and delegations have commenced. There have been discussions with Rob Hunter (Director of Finance and Performance in the Department for Economy Science and Transport), Andrew Phillips (Central Services Operations Division) and Mat Denham Jones (Head of Budgetary Control and Reporting in FCS) to discuss Direct Running Costs and Programme budgets and transferral proposals are with Rob Hunter for consideration. Revised delegation letters from Derek

Jones, Permanent Secretary, to the James Price and Gareth Jones will be issued in due course once the transfer proposals have been agreed. There are no changes to the environment budget.

Transfers of portable fixed assets and portfolio name changes in email addresses are being made through the Atos service catalogue.

Global changes to the HR system snowdrop will take effect from 16 July 2014. Continuity on any human resource issues will be managed through the transfer of the current HR advisor responsible for Agriculture, Fisheries, Food and Marine from Sustainable Futures to Enterprise, Science and Transport.

All corporate documents needed to support the smooth transition of the business have been compiled into a handover pack, a copy of which accompanies this letter. Gareth Jones has sent a minute to James Price, the Director General of Enterprise, Science and Transport, formally handing of the handover pack of corporate documents. A copy will also go to the Operations Division in Economy, Science and Transport and David Richards, Director of Governance. A list of the corporate documents provided is at Annex A.

A letter has been prepared for you to send to the Chair of the Enterprise, Science and Transport Corporate Governance Committee along with the Handover Pack (Annex B). I hope the above is in line with the discussion at our Corporate Governance Committee and provides you with assurance .

Yours Sincerely,

**Dean Medcraft**

**Head of Sustainable Futures Operations Division**

CC: Gareth Jones

David Richards

Rob Hunter

Julia Douch

## **Annex A**

### **List of Handover Documents**

1. Delegation Letter OCVO and AFFM 2014
2. ICQ and Assurance statement OCVO and AFFM 2014
3. Internal Audit Forward plan 2014
4. Internal Audit Reports OCVO and AFFM
5. Conflicts of Interest Declarations
6. Business Plan
7. Business Continuity Plan
8. Financial Summary
9. Agriculture, Food and Marine: Revised Delegations following In year savings
10. OCVO: : Revised Delegations following In year savings
11. Finance Issues for Transfer of Agriculture, Fisheries, Food, Marine and OCVO
12. AFF DRC Transfer
13. AFF and OCVO BEL Table 2nd Supplementary Budget Jan 2014
14. List of Welsh Procurement Card Holders
15. Risk on Sustainable Futures Corporate Risk Register July 2014
16. Location Strategy Summary
17. HR Dashboard July 2014 and People Survey Results
18. A-Z Briefing on Key and Emerging Issues – Agriculture portfolio issues as at 9 July 2014
19. NRF Communications Strategy and NRF Media Forward Look
20. Tenders on the Go
21. Departures from Normal Contract Procedures
22. Grants and Nominated Officers
23. Principal Accounting Officer Note 03 – Board Membership Details
24. Fixed Asset Management - Names of Nominated and Responsible Officers

14<sup>th</sup> July 2014

Mr J V Williams  
6 Preston Avenue  
Newport  
NP20 4JE

Dear John,

**The Transfer of Responsibility of Agriculture, Fisheries, Food, Marine and OCVO from Sustainable Futures to the Department for Economy Science and Transport.**

I am writing to you in my capacity as Chair of the Sustainable Futures Corporate Governance Committee to provide you with details of the transfer of responsibility of Agriculture, Fisheries, Food, Marine and the Office of the Chief Veterinary Officer to the Department of Enterprise, Science and Transport.

At my Sustainable Futures Corporate Governance Committee on 11 July there was a discussion around the transfer process followed and areas that needed to be highlighted to you as the Chair of the Enterprise, Science and Transport Corporate Governance Committee regarding the transfer of resources as a result of the Ministerial changes last week.

As you are aware on 8 July 2014 it was announced that Agriculture, Fisheries, Food, Marine and the Office of the Chief Veterinary Officer would transfer from Sustainable Futures to Economy, Science and Transport.

Andrew Slade, Director for Agriculture, Fisheries, Food and Marine and Christianne Glossop, Chief Veterinary Officer, transferred into the Department for Economy, Science and Transport on 9 July. All staff within those Directorates transferred along with them. A number of staff in the Sustainable Futures Operations Division who supported those Directorates also transferred.

A joint note to staff was issued from the Directors General confirming the transfer arrangements on 9 July 2014 following face to face discussions with teams and individual members of staff.

Edwina Hart AM OSTJ MBE, Minister for Economy, Science and Transport and Rebecca Evans AM, Deputy Minister for Agriculture and Fisheries, received A-Z Briefing on Key and Emerging Policy Issues on 9 July 2014.

As part of these transfer arrangements I should draw your attention to the following issues, currently being managed by those Directorates transferring into the Department for Enterprise, Science and Transport. You may wish to draw these to the attention of your Corporate Governance Committee. These are:

- Legislative Programme
- Animal Disease Outbreaks
- European Union Pre-Infraction case - Special Areas of Conservation for harbour Porpoise
- Marine Transition Programme
- Common Agricultural Payments Disallowance
- Personal Tax Liability of Staff working in Fisheries and Marine as a result of private use of Welsh Government Assets

More detailed consideration of these issues is contained in the risk register in section 15 of the handover pack that accompanies this letter.

Natural Resources, Culture and Sport is handing over a number of programmes that are dependant on work remaining with Sustainable Futures and which will need to be managed if benefits are to be delivered in full. These are:

- work on the Nature Fund and on the important role the Rural Development Programme plays in natural resource management and habitat restoration;
- the design of future frontline services; and
- the encouragement of markets in ecosystem services and opportunities around 'Green Growth'.

I am aware that detailed discussions have and are currently taking place at an Operational level (including with Directors General) and with staff to ensure a smooth transfer. I understand the formal transfer of budgets and delegations between portfolio departments has commenced. Proposals are with the Department for Enterprise, Science and Transport. Revised delegation letters will be issued to James Price and Gareth Jones in due course.

All corporate documents needed to support the smooth transition of the business have been compiled into a handover pack, a copy of which accompanies this letter. Gareth Jones will send a handover minute and handover pack to James Price and Rob Hunter. A copy will also go to David Richards, Director of Governance. A list of documents contained in the pack is at Annex A.

You may wish to discuss the handover at your Corporate Governance Committee on 15 July 2014. Paul Wozencroft, Secretary of my Corporate Governance Committee, will be in touch shortly with you to arrange a meeting for us to discuss the handover.

Yours Sincerely,

Arun





19 September 2014

Admiral Simon Williams  
Chair of the Local Government and Communities Corporate Governance Committee  
7 Croesonen Gardens  
Abergavenny  
NP7 6BJ

Dear Simon,

**The Transfer of Housing and Regeneration to the Department for Local Government and Communities from the Department for Natural Resources**

As a result of the changes to Cabinet last week, Sustainable Futures has ceased to exist and a new Department for Natural Resources has been created. As you are aware, on 11th September 2014 it was announced that Housing and Regeneration would transfer from Natural Resources to the Department for Local Government and Communities. I am now writing to you in my capacity as Chair of the Department for Natural Resources Corporate Governance Committee to provide you with details of the transfer.

John Howells, Director for Housing and Regeneration and staff have now been transferred to the Department for Local Government and Communities. A number of staff in the former Sustainable Futures Operations Division who supported this function have also transferred. Gareth Jones issued a note to all staff in the Department for Natural Resources on 15th September confirming the transfer arrangements following face to face discussions with teams and individual members of staff.

Lesley Griffiths AM, Minister for Communities and Tackling Poverty received written briefings on policy themes and Strategic Outcomes.

In respect of Housing & Regeneration there are ongoing concerns around:

- Failures of Registered Social Landlord to have crisis management plans in place;
- Inadequate financial transaction funding delaying the launch of the Home Improvement initiative;
- Resourcing a number of programmes related to Housing Regulation, TAN 22 (Sustainable Buildings), supporting people programme and the Welsh Government's Housing Strategy;
- Review of Cardiff Harbour Authority section 33 Side Agreements;
- Delivery of the Intermediate Care Fund;
- Agreement of Sale breach in relation to the sale of 85-90 West Parade, Rhyl.

These issues are reflected in the risk registers which are included in the handover pack for the Director General . Other specific transfer issues reflected in the risk register which I feel require more detailed explanation are:

- **YMCA Wales** - The Welsh Government provided a charitable organisation, YMCA Wales with grant funding under Section 180 of the Housing Act 1996. Allegations were made by an external third party that grant funding had been misused by YMCA Wales. In July 2014, the Welsh Government's Internal Audit Service carried out an audit of YMCA Wales. The audit identified major concerns regarding the financial management of YMCA Wales and also raised probity concerns relating to the conduct of the former Chief Executive Officer. The Welsh Government has terminated its funding of YMCA Wales and has made a referral to the Police. YMCA Wales has subsequently entered into administration. This matter is likely to receive significant media attention as YMCA is an umbrella organisation for YMCAs in Wales.
- **Rhondda Life** – The Welsh Government provided a social enterprise, Rhondda Life with £1.8m for the refurbishment/construction of two community facilities in Ferndale, the Glynrhedyn. Shortly after the completion of the project in 2012, Rhondda Life entered into administrative receivership and the brewer, Greene King is now operating the Glynrhedyn until debts owed to it by Rhondda Life are repaid. Rhondda Life also owes a significant sum of money to other creditors. Members of staff from the Natural Resources Department have sought to verify that all of the grant money paid to Rhondda Life was used to finance the project. To date Rhondda Life has yet to provide evidence as to how £0.22m of the funding was spent and has requested more time to provide the required evidence. The management of this project has attracted significant media and political interest and the Welsh Government has received several Freedom of Information requests regarding it. The project is likely to continue to receive considerable interest due to the fact that the project is highly unlikely to deliver any substantial community benefit.
- **Regeneration Fund for Wales (RIFW)** - In 2009, the Welsh Government established the Regeneration Investment Fund for Wales (RIFW) within the framework of the JESSICA (Joint European Support for Sustainable Investment in City Areas) initiative, where European funding is used as seed capital to kick start regeneration projects. Financial support from the Regeneration Investment Fund for Wales was to be provided in the form of loans and investment capital, to be repaid within an agreed timetable. RIFW was created as a Limited Liability Partnership (LLP) at arms-length from the Welsh Government. RIFW had its own Board and external professional advisors were appointed to support the Board in managing the Fund. The Board of RIFW comprised external experts appointed by the Welsh Government, Welsh Government officials and professional advisors. In 2012, following the receipt of correspondence the Auditor General for Wales commenced an audit of RIFW. Of particular concern to the Auditor General was the way in which surplus land assets transferred to RIFW were subsequently disposed of, and whether these disposals represented best value to the public purse. Work undertaken by officials of the Housing and Regeneration Directorate and by the Auditor General have identified a number of deficiencies in the way in which the fund was established and managed and around the process of land disposal. RIFW has now been brought under the direct control of Welsh Ministers. The Auditor General is currently consulting with the Welsh Government on his report into this issue. When this report is finalised it is likely that the report will be critical of the actions of the Welsh

Government in relation to its oversight of the operations of RIFW. We would also expect that the report will be the subject of media and political interest, particularly as the matter has already been the subject of several press articles and Assembly questions.

In terms of house-keeping within Natural Resources, discussions in relation to the formal transfer of budgets and delegations have commenced between the Natural Resources Head of Operations Dean Medcraft and his counterparts in Local Government and Central Finance.

Transfers of portable fixed assets and portfolio name changes in email addresses are being made through the Atos service catalogue. Global changes to the Human Resources system, Snowdrop, are in hand. Continuity on any human resource issues will be managed through the transfer of the current Human Resource advisor to your department.

All corporate documents needed to support the smooth transition of the business have been compiled into handover packs. Appended to this letter is Index A, which outlines the documentation contained within this pack. These packs include a minute from Gareth Jones to June Milligan, the Director General of Local Government and Communities, formally handing over the corporate information. Copies of the handover pack will go to the Local Government and Communities Operations Division and David Richards, Director of Governance.

On completion of all the above I am informed revised delegation letters from Derek Jones, Permanent Secretary, to June Milligan and Gareth Jones will be issued in due course once the transfer proposals have been agreed.

I would be very happy to meet with you to discuss the above in greater detail.

Kind regards,

**Dr Arun Midha**

**Chair Department for Natural Resources Corporate Governance Committee**

CC: Gareth Jones  
June Milligan  
David Richards  
Elan Closs Stephens  
Dean Medcraft  
Alyson Francis  
Julia Douch

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