

Meeting of:	Cabinet
Date of Meeting:	Thursday, 02 October 2025
Relevant Scrutiny Committee:	Place Scrutiny Committee
Report Title:	Transforming Towns Funding
Purpose of Report:	To seek approval to use the existing (2015-2031/37) Welsh Government's Transforming Towns repayable loan funding for a 'Town Centre Loan Scheme', to use the 2025-2027 Placemaking Grant variation award and to also make recommendations for governance and budget management arrangements.
Report Owner:	Deputy Leader and Cabinet Member for Sustainable Places
Responsible Officer:	Director of Place
Elected Member and Officer Consultation:	<p>Individual Ward Members have not been consulted on this report as this is a strategic issue, and its impact is Vale of Glamorgan wide.</p> <p>Legal Services – Committee Reports</p> <p>Operational Manager (Regeneration)</p> <p>Principal Tourism and Marketing Officer</p> <p>Team Leader (Community Development, External Grants and Funding)</p> <p>Commercial and Consultancy Manager (Property Section)</p> <p>Operational Manager (Accountancy)</p> <p>Finance - Capital Accountants (Accountancy)</p> <p>Finance Support Manager (Accountancy)</p>
Policy Framework:	This is a matter for Executive decision by Cabinet.

Executive Summary:

- The Transforming Towns Programme was launched by Welsh Government in January 2020 to address the decline in town and city centres and the reduced demand for high street retail. Prior to this, the programme was identified as the Targeted Regeneration Investment (TRI) fund.
- The Council is prioritising its share of this programme of investment in the following town and district centre shopping areas (as defined in the Vale of Glamorgan Local Development Plan 2011 - 2026): High Street/Broad Street, Barry Town Centre; Holton Road, Barry Town Centre; Cowbridge Town Centre; Llantwit Major Town Centre; and Penarth Town Centre.
- The report outlines the repayable loan funding element of Transforming Towns and requests delegated powers to authorise loans for third parties in High Street/Broad Street, Barry Town Centre; Holton Road, Barry Town Centre; Cowbridge Town Centre; Llantwit Major Town Centre; and Penarth Town Centre (Recommendation 3).
- This report also sets out recommendations for the Placemaking Grant element of Transforming Towns and requests delegated powers to authorise grants for third parties and Council Placemaking initiatives in High Street/Broad Street, Barry Town Centre; Holton Road, Barry Town Centre; Cowbridge Town Centre; Llantwit Major Town Centre; and Penarth Town Centre (Recommendation 4).

Recommendations

1. That Cabinet notes the current position regarding Transforming Towns Funding.
2. That Cabinet agrees to establish a repayable loan fund of £1,895,666 using approved Welsh Government loan funding.
3. That delegated authority be granted to the Director of Place and the Operational Manager, Regeneration to approve loans in High Street/Broad Street, Barry Town Centre; Holton Road, Barry Town Centre; Cowbridge Town Centre; Llantwit Major Town Centre; and Penarth Town Centre.
4. That delegated authority be granted to the Vale of Glamorgan Place Board to approve the use of Transforming Towns Placemaking Grant funding to projects delivered either by the Council or by a third party recipient via a grant. Grants can be used to support projects in in High Street/Broad Street, Barry Town Centre; Holton Road, Barry Town Centre; Cowbridge Town Centre; Llantwit Major Town Centre; and Penarth Town Centre.
5. That delegated authority be granted to the Vale of Glamorgan Place Board to approve the use of the Council's Placemaking reserve for use on Placemaking projects or as match funding for placemaking projects.
6. That delegated authority be granted to the Monitoring Officer/Head of Legal and Democratic Services to prepare, complete and execute the required legal documentation with third party loan and grant recipients.
7. That changes to the 2025/26 and 2026/27 Capital Programme as outlined in paragraphs 5.2 and 5.3 of the report be approved.

Reasons for Recommendations

1. To inform Cabinet of the current position.
2. To create a repayable loan fund product that will encourage regeneration in the four Vale of Glamorgan town centres.
3. To enable the approval of 3rd party loan funding in High Street/Broad Street, Barry Town Centre; Holton Road, Barry Town Centre; Cowbridge Town Centre; Llantwit Major Town Centre; and Penarth Town Centre.
4. To enable the delivery of placemaking projects.
5. To enable the delivery of placemaking projects.
6. To prepare, complete and execute the required legal documentation with third party loan and grant recipients.
7. To obtain authority for the funding to be included within the 2025/26 and 2026/27 Capital Programme.

1. Background

- 1.1** The Welsh Government launched the Transforming Towns programme in January 2020 to tackle the decline of town and city centres and the falling demand for high street retail. The programme is designed to support the sustainable growth of towns and cities and to help them evolve into vibrant places for living, working, learning and leisure. Between 2022 and 2025, £100 million was made available across Wales through Placemaking grant funding, allocated to four regional partnerships. Of this, the Southeast Wales region, covering ten Local Authorities, received £44 million.
- 1.2** The Council is a signatory of the Placemaking Wales Charter. On 19th June 2025, three Placemaking Plans developed for Cowbridge, Llantwit Major and Penarth were approved by Cabinet. These act as a framework for investment in town centres and were developed in partnership with each Town Council. A plan for Barry will be approved in Q3 of 2025/26. They will be the key to unlocking further Welsh Government funding.
- 1.3** The Transforming Towns Placemaking Grant was introduced in March 2021 to consolidate various smaller regeneration grants into a single, streamlined capital grant programme. A continuation programme for Placemaking Grant was announced by Welsh Government in January 2025 for two years (2025-2027). £26 million is available across Wales. The purpose of the funding is to support the development and delivery of strategic regeneration projects as well as smaller-scale place-making activity, based on Placemaking Plan priorities. The Programme also plays a vital role in supporting the location of services in town centres which might otherwise have been located elsewhere. Using the Town Centre First Principle, Transforming Towns investment is vital in supporting the sustainable growth of our towns and cities.
- 1.4** Projects funded by the Transforming Towns Programme will be located in town centres and will typically focus on the built environment and might include interventions such as the refurbishment and repurposing of empty and derelict buildings; locating services in town centres; new build projects; improving biodiversity through green infrastructure; active travel and improvements to public spaces. All interventions will be born from priorities worked up through Placemaking Plans.
- 1.5** The purpose of the work is place focussed and aims to boost the variety of services on offer in towns, create flexible working and living space; and increase access to services and leisure. The collective list of short-term plans or next steps for each of the medium plans will far exceed the Placemaking Grant from Transforming Towns. As such, The Council will fund projects following on from a prioritisation process which will help to determine which projects will be taken forward in each town, and which are to be funded using this grant.
- 1.6** Transforming Towns is underpinned by the Town Centre First principle. As a Local Authority partner of the Welsh Government, the Council is committed to placing the health and vibrancy of town centres at the forefront of decision-making on location, investment and strategic planning.

- 1.7** The Repayable Town Centre Funding Scheme commenced in 2014/15 financial year as a key element of the Welsh Government's Vibrant and Viable Places regeneration programme. It is offered to Local Authorities for the purpose of reducing the number of vacant, underutilised and redundant sites and premises in town centres and to support the diversification of the town centres by encouraging more sustainable uses for empty sites and premises, such as residential, leisure and for key services. The Repayable Funding can be used by Local Authorities to:
- Acquire and unlock sites and premises with the intention of packaging and selling a proposal on the open market within an agreed timeframe.
 - Redevelop or refurbish sites and premises within an agreed timeframe; and,
 - Provide loans to third parties for repayment within an agreed timeframe.

2. Key Issues for Consideration

- 2.1** The Council is prioritising its share of the Transforming Towns programme of investment in the following town and district centre shopping areas (as defined in the Vale of Glamorgan Local Development Plan 2011 - 2026): High Street/Broad Street, Barry Town Centre; Holton Road, Barry Town Centre; Cowbridge Town Centre; Llantwit Major Town Centre; and Penarth Town Centre. This is in response to The Council signing the Placemaking Charter in 2023 (Cabinet report Thursday 25th May 2023, Minute C11 refers) and preparing Placemaking plans for each Vale of Glamorgan Town Centres.
- 2.2** Town Centre Vacancy rates (LDP monitoring report 23/24) were as follows; Holton Road 15%, Cowbridge 4.7%, High St/Broad Street 2.6%, Llantwit Major 8.7%, Penarth 5.4%.
- 2.3** Currently scope of the Transforming Towns programme of investment in the Vale of Glamorgan is as follows:
- Placemaking Grant (2025-27)**
- 2.4** Placemaking Grant (2025-27) supersedes the Placemaking Grant (2021/22- 2025) (refer to Cabinet Report 25th October 2021). The Council has been awarded an allocation from Welsh Government of £350,000 for 25/26 and £400,000 for 26/27.
- 2.5** Welsh Government has created a broad mix of capital interventions under Placemaking Grant to include themes such as public realm, green infrastructure and active travel.
- 2.6** Placemaking Grant (2025-27) is prioritised for projects identified within developed Placemaking Plans for High Street/Broad Street, Barry Town Centre; Holton Road, Barry Town Centre; Cowbridge Town Centre; Llantwit Major Town Centre; and Penarth Town Centre.

SMART Towns

- 2.7** As part of an all-Wales initiative, Welsh Government issued the Council with footfall monitoring equipment to be installed in the five retail areas identified in this report.
- 2.8** Utilising existing technology, a [data dashboard](#) has been developed with the aim to enable businesses, communities and towns to be able to make data-driven decisions, make the most of digital technologies and plan projects which lead to economic growth. Smart Towns Cymru have provided support to several Town Centre businesses with data analytics.
- 2.9** The footfall monitoring sensors have the capability to offer Town Wi-Fi with a pilot currently being explored in 2025/26.

Town Centre Repayable Funding Scheme (2015 – 2031/37)

- 2.10** The Council was initially awarded £842,857 in repayable funding by Welsh Government on 1st August 2015, to be repaid by 30th March 2031 for 3rd party use.
- 2.11** The Council was awarded an additional £50,000 in March 2016, taking the total of repayable funding awarded to £892,857 for 3rd party use.
- 2.12** The Council was awarded a further £152,809 on 1st February 2017, repayable by 31st March 2031 for 3rd party use.
- 2.13** The Council was then awarded a further £550,000 on 12th March 2021, repayable by 31st March 2036 for Local Authority use.
- 2.14** The Council was finally awarded a further £300,000 on 7th February 2022 to be repaid by 31st March 2037 for 3rd party use. This funding was specifically allocated to Cowbridge Town Centre due to vacancy rates at that particular time.
- 2.15** The total of 3rd party repayable funding available is £1,345,666 and £550,000 of funding for use by the Local Authority on regeneration projects (this is repayable loan funding). The Council therefore has a total of £1,895,666 in Welsh Government Transforming Towns repayable funding.
- 2.16** The first tranche of funding was used to provide loans to Newydd Housing Association (one of the zoned Registered Social Landlords in the Vale of Glamorgan) to target several vacant, underutilised and redundant sites and premises in the Holton Road, High Street/Broad Street and Main Street/Vere Street areas of Barry Town Centre.
- 2.17** To date, a loan of £195,665.09 was used by Newydd Housing Association to deliver a scheme at High Street, Barry. The project involved work to refurbish an empty building (35 High Street) and reinstate as an affordable 2-bed dwelling house and to complete the redevelopment of the adjoining empty site as an affordable 2-bed dwelling house on the Cwrt Bethesda scheme. Handover occurred during July 2017.

- 2.18** A further loan of £849,999.91 was committed to a scheme at 75-79 Holton Road, Barry. However, following the completion of due diligence checks in September 2017, Newydd Housing Association decided not to enter contract with the vendor. A further scheme at 45 Merthyr Street (former Dinam Hall) was identified as a replacement scheme. £1,000,000 was awarded to Newydd Housing Association for this scheme on 14th February 2020 and was repaid, following a 5-year loan facility agreement in 2025.
- 2.19** A £550,00 loan was awarded to the Council in the first instance to be used to purchase a large asset in the town centre. Unfortunately, the sale was unable to proceed because the owner of the asset did not wish to sell.
- 2.20** In response to the repayment of the £1,000,000 3rd party loan funding from Newydd for their scheme at 45 Merthyr Street in 2025 and no further candidate sites being identified for the £550,000 award for Local Authority use, the Council has formally requested to Welsh Government that the full total of £1,550,000 be available for 3rd party use. This has been approved by Welsh Government.
- 2.21** To ensure equity across all four Town Centres it is proposed that the £1,595,666 in loan funding becomes a 3rd party Town Centre Loan Fund, in addition to the £300,000 already allocated to Cowbridge Town Centre. Loans of up to £300,000 will be available for proprietors of empty commercial properties across Town Centres in the county.

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

- 3.1** Long Term - It is more efficient and sustainable to make the best possible use of our existing town centres.
- 3.2** Prevention - To prevent issues from escalating the Council will seek to work with businesses and the community in the first instance, offering advice, assistance and options designed to help with the process of recovery.
- 3.3** Integration - This workstream builds on the work of the previous business support scheme for eligible rateable properties. A cross-service response will support information sharing; to review progress; and, to agree solutions to issues.
- 3.4** Collaboration - Close working is required with businesses, local interest groups and other key stakeholders over the life of this workstream to align investment plans and maximise the regeneration benefits for our town centres. This will continue to build momentum within the Placemaking agenda.
- 3.5** Involvement - This workstream is an opportunity to strengthen existing and develop new internal partnerships with teams and service areas whose work is pertinent to the issue; and external partnerships with businesses, local interest groups and other key stakeholders.

4. Climate Change and Nature Implications

- 4.1** Projects supported through the Town Centre Loan Fund could contribute to both Project zero and Net zero ambitions. Projects could include energy efficiency elements including renewables. Carbon reduction measures such as green walls and infrastructure are also eligible criterion of the scheme.

5. Resources and Legal Considerations

Financial

- 5.1** For the Town Centre Repayable Funding Scheme, the Council has a notional budget allocation of £1,895,666 which will be recycled. Under the Town Centre Loan Fund, as referenced in paragraph 2.21 of this report, loans may be awarded up to a maximum of £300,000, with a minimum threshold of £30,000. The intervention rate is set at 100 per cent. Each application will be assessed on an individual project basis, with payments released in arrears. While the loan is interest free for applicants, an administration fee of 2 per cent is payable to the Council following approval.
- 5.2** The table below provides a breakdown of these Placemaking Grants under Transforming Towns:

Scheme	2025/26	2026/27	Total
	£'000	£'000	£'000
Transforming Towns Placemaking grant	350	400	750

- 5.3** The Council has been allocated £750K across two years for the Placemaking Grant Programme. It is requested to increase the Capital Programme by £750k, £350k in 2025/26 £400k in 2026/27. Under the Placemaking Grant, as referenced in paragraph 2.4 of this report, represents Capital funding only and grants may be awarded up to a maximum of £300,000. Match funding is required at varying intervention rates as demonstrated in the table below:

Intervention	Rate
Residential Units in Town Centres	70%
Commercial Property Improvement Grants	70%
Green Infrastructure	100%
Public Realm	100%
Strategic Acquisition	70%
Town Centre Markets	First £50,000 100%, £50,000+ 70%
Town Centre Meanwhile uses	First £50,000 100%, £50,000+ 70%
Town Centre External Trading Support	70%
Shop Frontage enveloping schemes	70%

Digital Towns	First £50,000 100%, £50,000+ 70%
Supporting Active Travel	70%
Toilet Provision	First £50,000 100%, £50,000+ 70%
Recreational facilities	First £50,000 100%, £50,000+ 70%

- 5.4** Match funding will be required from both 3rd parties and the Council depending upon which projects are taken forward. Each application will be assessed on an individual project basis, with payments released in arrears.
- 5.5** A Capital Levelling Up Reserve of £1m has been established as a match funding source for both placemaking grants and strategic placemaking projects that would be developed as part of the delivery of the plans.

Employment

- 5.6** There are no employment implications in relation to this report. The Repayable Loan Funding will continue to be managed via the Economic Development team. Assistance and advice will also be provided via the Commercial and Consultancy Manager (Property Section). The Placemaking Grant will be managed by the Creative Communities Team who lead on the Council's Placemaking work.

Legal (Including Equalities)

- 5.7** The repayable loans available are open to Freeholders, Leaseholders (with sufficient value and time remaining on the property lease subject to legal review), Sole Traders, Partnerships, Limited Companies, Developers, Community Businesses, Co-operatives and Registered Social Landlords. A legal charge, together with a restriction in favour of the Council is required against the loan funded property/registered estate, to remain registered against the property for a period of 3 years from the date of the final payment. In some circumstances and at the discretion of the Council, a suitable alternative property can receive a legal charge in favour of the Council in place of the nominated property. Should the property title/estate have any existing charges or restrictions recorded against it then the applicant is required to assist the Council, as it so requires, to agree and complete a deed of priority that may be required to be entered into with any other party. The Council requires a first or second charge against the property to secure the loan.
- 5.8** Following the withdrawal of the UK from the European Union, and the end of the transition period on 31st December 2020, the EU State Aid rules no longer apply to subsidies granted in the UK, save for in limited circumstances. Under the new UK Subsidy Control rules, eligible applicants may be offered assistance under the Small Amounts of Financial Assistance provided that doing so does not exceed the maximum level of subsidy allowance equivalent of 325,000 Special Drawing Rights, to a single economic actor over any period of three fiscal years and

includes any subsidy previously received as de minimis aid or as Small Amounts of Financial Assistance under Article 3.2(4), of the Trade and Cooperation Agreement from any subsidy awarding body. To ensure compliance, checks will be undertaken as part of the application process.

- 5.9** The provision of third-party loans and grants outlined in paragraph 2.21 and 2.4 of this report would be subject to funding approval by Welsh Government and internal protocols for governance and budget management arrangements.
- 5.10** In procuring and appointing any contractor and/or external advisor regard must be had as applicable to the Council's Procurement Policy and Guidance. As appropriate, any procurement and tender process will involve the use of the Council's standard terms and conditions of contract or industry standard terms and conditions of contract, which will serve as a guide for any contractual arrangements with third-party suppliers/providers.

6. Background Papers

Cabinet Report 13th April 2015, Welsh Government's Town Centre Repayable Funding Scheme for the year 2015/16 (Minute C2736 refers).

[Transforming Towns](#)

[Annual-Monitoring-Report-2023-24](#)