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Eich cyf: Your Ref
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24th March 2015

Dear Mrs Kyte,

Caerphilly County Borough Council – Preferred Strategy 1st Review - Regulation 15 Consultation: Welsh Government Response

Thank you for consulting the Welsh Government regarding the Caerphilly Local Development Plan (LDP) - 1st Review pre-deposit documents. It is imperative that the County Borough is covered by an up to date LDP that will deliver the vision and key objectives, and give certainty to local communities and investors.

Without prejudice to the Minister's discretion to intervene later in the process and to the independent examination, the Welsh 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. The Welsh Government looks for clear evidence that the tests of soundness (as set out in 'LDP Wales') are addressed.

The Welsh Government is broadly supportive of the preferred strategy which seeks to locate development in sustainable locations, linked to the role and function of places and infrastructure provision. In addition, the Welsh Government is generally supportive of the level of growth proposed. On balance the Welsh Government supports the technical work undertaken by the Council in embracing a positive approach to national policy in this respect.

However, it is disappointing that **there is limited background documentation or topic papers on key issues that are critical to fully understand the preferred strategy and how it will address the key conclusions of the AMR and Review Report.** While the plan alludes to work undertaken, it is difficult to make meaningful comments at this stage. Our comments are based on the work that is publically available at this point in time.



Having considered all the submitted documentation provided by Caerphilly County Borough Council we have **concerns regarding the soundness** of the plan which are set out in some detail within the supporting annex.

Our primary concern is the lack of evidence to explain the type, scale and distribution of development. The Council needs to provide robust evidence as to how the Sustainable Urban Growth Network Strategy will deliver on the key issues the plan is seeking to address, as identified in the AMR and Review Report.

Our representation also includes **other concerns** which are set out in detail within the **annex to this letter**. Collectively our comments highlight a range of issues that need to be addressed if the plan is to be considered 'sound'. We have indicated where evidence of soundness is not immediately clear and where the evidence base can be improved/strengthened going forward. Some key areas include:

- **spatial distribution**
- **affordable housing need and viability**
- **natural heritage 'environmental capacity'**
- **strategic site deliverability**
- **spatial distribution and deliverability of employment allocations**
- **infrastructure deliverability**
- **flooding**

In totality these are important issues that we consider present a significant degree of risk for the authority if not addressed prior to the deposit stage. We strongly advise that these matters are addressed in order to maximise the potential of your LDP being considered 'sound' at the deposit stage.

As always, we would urge you to seek your own legal advice to ensure that you have met all the procedural requirements, including Sustainability Appraisal (SA) including Strategic Environmental Assessment (SEA) and Habitats Regulation Assessment, as responsibility for these matters rests with your Council.

If you would like to **meet at an early date** to discuss any matters arising from our formal response to your Preferred Strategy, please contact me. You should document your response to our comments in your Consultation Report.

Yours sincerely,

Mark Newey
Head of Plans Branch
Planning Directorate

Annex to Welsh Government Letter 24th March 2015 in response to the Caerphilly County Borough Council - Preferred Strategy – 1st Review

Review Report

Further to the statutory requirement for full review of the LDP (Regulation 41), we note that a Review Report (Doc R1) has been prepared. **The Report concludes that a full revision of the LDP is required.**

There are multiple references to 'up to' 2031 and 'roll forward' throughout the LDP and supporting documents which add confusion. The LDP needs to be clear that it is indeed a **replacement plan**, in accordance with the conclusions of the Review Report.

Neighbouring Authorities

We note that the LPA has set out detailed reasons for why it would not be appropriate for the LPA to undertake a joint LDP with neighbouring authorities at this time (Review Report, R1). The authority has alluded to potential cross boundary issues such as commuting patterns, housing, employment, infrastructure provision and gypsy and travellers. It is important that the authority provides evidence of collaborative working on key issues (where appropriate) to ensure a robust evidence base.

Vision

The vision is generic with no mention of key places or areas of change; in essence it is not clear how the strategy is reflected in spatial terms. There are 41 key aims and objectives many of which appear to be unnecessarily duplicated. The LPA should consider refining them, grouping into key themes, linked to the key issues the plan is seeking to address.

Spatial Strategy

We note that the authority has tested five spatial options:

Spatial Option 1: Continuation of the Adopted LDP Strategy

Spatial Option 2: Targeting growth to the Heads of the Valleys Regeneration Area

Spatial Option 3: Targeting growth to the Northern Connections Corridor

Spatial Option 4: Targeting growth to the Southern Connections Corridor (Caerphilly Basin)

Spatial Option 5: Targeting growth to the Northern and Southern Connections Corridor – **(the preferred option)**

The 'Sustainable Urban Network Growth Strategy' (Option 5) primarily seeks to target development in line with the role and function of places. The Preferred Strategy identifies the ten component parts of the strategy. In essence the Council is proposing to reduce the scale of new housing allocations in the HOVRA to more closely align with market activities and demand, targeting the majority of new development and expansion opportunities within the SCC and MVC. **The Welsh Government supports the ethos of the strategy which is broadly in line with the principles of sustainable development as set out within national policy.**

We note that the role and function of settlements has been a significant consideration in the identification of sites for new development and note that this has been examined in some detail within Doc BR1: Functional Analysis. However it is **unclear how the analysis of settlements, namely the need to consider viable greenfield releases in the SCC to**

deliver a five year housing land supply and affordable housing has been translated into the type, scale and location of growth. These are the key reasons for plan review as set out in the Councils AMR (2013, pages 45-47) and R1 Review Report (2014). It is disappointing that there are limited background documents or topic papers on those key issues that are critical to understanding the strategy and its relationship to the key reasons for plan revision. **We have some key concerns regarding the soundness of the overall strategy as follows:**

- Lack of clarity on the spatial distribution by strategy area both in numerical terms, and components of supply (i.e. broad numerical ranges/ land bank/allocations).
- Lack of clarity on how the strategy has changed compared to the previous LDP in respect of the scale and location of greenfield and brownfield sites within each strategy area.
- Lack of clarity as to what and why sites have been rolled over from the current LDP (Appendix 3). What is the rationale for this? Are they viable and deliverable in the plan period? i.e. Bedwas Colliery.
- Lack of clarity as to how national policy in respect of flood risk has influenced the scale and location of growth.
- How have the conclusions of the LHMA and viability work influenced the scale and location of growth and the delivery of affordable housing?
- Lack of clarity as to why 'environmental capacity' has formed a justification for restricting growth in the SCC. New allocations in the SCC appear to be predominantly brownfield. There appear to be more dwellings/allocations in the MVC. How does this approach align with the AMR/Review Report?
- New strategic sites appear to be predominantly brownfield in nature and require significant transport infrastructure to enable them to come forward. Are the strategic sites deliverable? How will they contribute to the delivery of a 5 year supply and affordable housing?

The Welsh Government considers that the above are key issues that need to be addressed in the Deposit Plan. **It is essential that the selection of a preferred spatial option is clearly and firmly founded on robust evidence.** How the chosen spatial strategy will specifically deliver the key objectives of plan, including the key reasons for revision is fundamental. We elaborate further on the above issues within this Annex.

All aspects of sustainable development should be taken into account when determining the scale and location of development i.e. economic and social factors as well as environmental issues, supported by a Sustainability Appraisal/SEA, based on robust evidence. The Deposit Plan will need to demonstrate that an open and transparent process has been followed, clearly stating any assumptions and their relationship to the strategy/objectives in the plan.

Growth Options - Housing Provision & Methodology

Growth Options

Planning Policy Wales (PPW) paragraph 9.2.2 states the latest Welsh Government household projections should form the starting point for assessing housing requirements. In this case, the WG 2011 based household projections are the latest projections. It is for the local planning authority to evidence and justify the level of housing provision set out in their plan, having regard to PPW (paragraphs 9.2.1 & 9.2.2). The level of provision should be linked to the key issues the plan is seeking to address, and not just become a mathematical calculation.

The WG’s 2011 population and household projections were published in July 2013 and February 2014 respectively. The latest projections are trend based and are characterised by periods of economic decline, difficulty in accessing finance, lower house building rates and an increase in people remaining within their homes. The Minister for Housing and Regeneration (now the Minister for Natural Resources) in his letter to local authorities dated April 2014 provides a clear message that it is not appropriate for authorities to plan for and replicate such a period of poor economic performance.

On balance, the Welsh Government supports the technical work undertaken by the Council (Doc BR3a: Population and Housing Growth Options, 2015) in embracing a positive approach to national policy. Indeed, the technical work utilises the more positive SE Wales 10-year migration trend and a lower household size at the end of the plan period. However, it is considered that **the inter-relationship between housing and employment in the Borough and neighbouring plan areas would benefit from further clarification.**

Housing Provision and Methodology

Flexibility

Policy SP21 proposes a housing provision of 13,640 new dwellings to deliver 12,400. We support the inclusion of a flexibility allowance within the plan. It will be for the LPA to evidence that a 9% flexibility allowance is a sufficient buffer to demonstrate that the plan can respond to economic challenges and unforeseen circumstances associated with delivery. See our comments in respect of delivery and phasing.

Vacancy Rate/Empty Homes

Doc BR3a Population and Housing Growth Options Background Paper (Page 78) sets out the Council’s position in terms of empty homes which equate to 486 units over the plan period. Homes brought back in beneficial use through an empty homes strategy, should not provide a net gain in housing supply as the stock is already in existence. **To be clear, these units should be removed from housing land supply calculation (Table 7.9).**

Employment – Provision, Distribution and Delivery

Scale and Distribution

Doc BR4, page 17 identifies a total of five employment allocations resulting in a total provision for 55ha of employment land. The WG has concerns on the limited number of sites that make-up the employment provision, in particular the reliance on Oakdale Business Park, which accounts for approximately 72% of all employment land supply in the County Borough.

Strategy Area	Number of Sites	Size (ha)	Percentage Split
HoV	1	5.16	9%
MVC	2	44.16	81%
SCC	2	5.52	10%

TAN 23 (para 4.5.1) states that employment land targets should aim to ensure that planning meets the demand for land, so that economic growth is not constrained by lack of land. The Councils evidence highlights the reasons as to why the SCC is considered an area of high market demand with low vacancy rates on employment sites (BR4, page 15). It is unclear as to why only 5.5 ha of brownfield land has been allocated in the SCC. Indeed, the level of employment in the SCC only marginally exceeds the proposed levels in the HoV, where deprivation and out-migration result in a significantly reduced demand for

employment land. **The authority should explain how past take-up rates have influenced the scale and distribution of employment allocations and explain how the proposed employment allocations align with areas of demand.**

Paragraph 2.1.1 of TAN 23 acknowledges that economic objectives are not necessarily in conflict with social and environmental objectives and as such, the authority is advised to consider the questions posed in Chapter 2 of TAN 23 to help clarify and balance any economic, social and environmental issues in the SCC. Please see our comments in respect of spatial strategy and 'environmental capacity'.

Delivery of Employment Allocations

Doc BR4 (paras 4.2 and 6.5) acknowledge that Oakdale Business Park in the MVC is cited as 'problematic' by the market given its lack of broadband availability and poor accessibility to a railway station. **The Council need to demonstrate delivery of key employment allocations within the plan period.** In addition the updated assessment of employment land by BE Group should be utilised by the Council to update Appendix 3 of the draft Preferred Strategy.

Employment Provision

In accordance with paragraph 4.5.2 of TAN 23, the WG is supportive of a land provision target that is higher than anticipated demand. However, the WG requires clarification as to how the employment land requirement has been calculated. The Council should explain how past take-up rates averaging 1.67 ha per annum, total 29 ha and not 33.4ha over a 20-year plan period.

Waste

TAN 21 (paragraph 3.21) states that LDPs should indicate where suitable and appropriate sites exist for the provision of all types of waste management facilities in order to provide some certainty for waste operators interested in fulfilling demand in an area. The employment sites listed in Appendix 3 should indicate those sites considered suitable for waste management facilities.

Affordable Housing - Local Housing Market Assessment

It is essential that the LPA demonstrates that it has maximised affordable housing provision given that it is a key reason for plan revision. The Council refer to a LHMA which indicates a need for 526 affordable homes to be built per annum, however it is disappointing that no LHMA has been submitted within the evidence base. **It is therefore unclear as to how the LHMA has influenced the scale and distribution of growth.** This is critical given that affordable housing delivery is a key reason for reviewing the plan.

Policy SP22 refers to an affordable housing target of 1,200 dwellings. There is no information or supporting evidence to show how this figure has been arrived at, or indeed how it relates to the proposed overall housing delivery target of 12,400 dwellings.

The Deposit Plan should;

- explain how LHMA has informed the spatial strategy in order to maximise the delivery of affordable housing;
- include an indication of the overall level of need for affordable housing (based on an up to date LHMA) including any backlog;

- include a target for the provision of affordable housing that will be delivered through the planning system. The authority should maximise delivery supported by robust viability evidence.

Affordable Housing – Financial Viability Assessment

No broad level affordable housing viability assessment has been submitted within the evidence base. **It is therefore unclear as to how affordable housing viability has informed the spatial distribution of housing**, in particular the type (i.e. greenfield/brownfield) and scale of allocations in the SCC.

The Deposit Plan should;

- explain how the affordable housing viability work has influenced the scale and location of growth;
- be supported by robust viability evidence that takes into account all associated known build costs (e.g. building regulations), including the impact of affordable housing contributions. Whilst challenging, targets need to be grounded in evidence and applicable to the majority of applications, whilst allowing site specific negotiations to occur, if/where necessary (on a limited number of sites);
- indicate how the target will be achieved using identified policy approaches; which may include site thresholds, site specific targets, rural exception sites. The authority should demonstrate that it has maximised delivery, supported by robust viability evidence.

Gypsy and Travellers

Gypsy and Traveller provisions of the Housing (Wales) Act 2014, except sections 103 and 104, came into effect on 25 February 2015, along with updated supporting guidance on how to undertake a GTAA. The legislation places a duty on local authorities to undertake Gypsy and Traveller Accommodation Assessments (GTAAs) by March 2016. We note a GTAA has not been submitted as part of the evidence base. Paragraph 8.22 of the Preferred Strategy indicates that further work needs to be undertaken with neighbouring authorities in this respect.

National policy contained in Welsh Government Circular 30/2007 'Planning for Gypsies & Travellers' (paragraph 17) states that "where there is an assessment of unmet need for Gypsy and Traveller accommodation in the area, local planning authorities should allocate sufficient sites in LDPs to ensure that the identified pitch requirements for residential and transit use can be met." This is particularly pertinent in light of the duties (Section 103) within the Housing (Wales) Act 2014.

The Deposit LDP should make provision to meet any identified need over the full plan period to 2031. In addition, the Deposit plan should also include criteria based policies as advocated within national policy.

Delivery & Phasing

The authority need to demonstrate that all allocations and commitments are financially viable and deliverable within the plan period. **Demonstrating that key infrastructure can be delivered will be fundamental to the strategy.** Key timings, phasing, funding mechanisms will be essential to ensure that infrastructure can be delivered in the plan period. The LDP proposes significant infrastructure proposals i.e. two new bypasses, the re-

opening of disused railway lines and two new rail stations. How and when will key infrastructure be funded and delivered?

Viability Evidence (Delivery, Phasing & Infrastructure)

A simple housing trajectory would assist all parties to understand and consider the ability of the sites contained in the plan to be delivered, supported by viability evidence. This work should be supported by an analysis and understanding of lead in times for large and strategic sites, the inter-relationship between such sites, potential constraints and costs, infrastructure requirements, funding streams and robust assumptions for small and windfall sites. **The authority will need to demonstrate a five year housing land supply from the adoption of the plan.**

Community Infrastructure Levy (CIL) / Planning Obligations

Where funding for related infrastructure is to be sought through planning obligations, the Deposit Plan should specify the Council's priorities to inform the provision of infrastructure/mitigation and avoid a scheme being unviable.

The authority has indicated that it will be seek to reduce the affordable housing percentage due to viability issues. The authority should clarify if the viability work has considered any consequential impacts in respect of affordable housing delivery and CIL.

Transport Infrastructure

The Transport & Accessibility Paper (BR7) highlights the key issues and transport infrastructure that could be identified in the Deposit Plan. The achievement of many of the LDP's key objectives will be dependent upon development being integrated with the provision of key transport infrastructure. The document alludes to 'aspirational' infrastructure such as the re-opening of railway lines and new stations.

The authority should provide grater explanation within the deposit plan noting the key infrastructure that is required to meet the strategy, including the various funding mechanisms & CIL/S106 planning obligations that would be required to deliver these key projects.

Flooding

Appendix 2 of the Preferred Strategy contains a list of candidate sites, indicating which sites 'meet the Preferred Strategy'. It is unclear how flood risk has been considered when shortlisting these sites. We note that the SA and Functional Analysis alludes to issues of flood risk around Risca/Pontymister and indicates that Flood Alleviation Works in Lower Islwyn may be required to 'unlock key potential development sites'. We note that 200 residential units are identified on the SCC Key Diagram (Page 49).

The authority should provide clear evidence of how flooding policy has been considered in the development of the preferred strategy and site selection process. **TAN15 clearly states that highly vulnerable development (*which includes residential*) and emergency services should not be allocated within zone C2. This is regardless of a FCA.** The deposit plan should ensure this is indeed the case.

Agricultural Land

We highlight that three candidate sites (STJ004, STJ005, and STJ009) indicate the possibility of BMV agricultural land being present within the site boundary. The Deposit Plan

should evidence any proposed allocations and demonstrate that any loss of BMV land is minimised, in accordance with PPW paragraph 4.10.1.

Minerals

Clear evidence should be provided on how mineral supply and safeguarding has affected the development of the preferred strategy and proposals. We note that the authority has included Strategic Policy 14 on minerals safeguarding. The strategic policy needs to be sufficiently clear to articulate the authority's strategy for minerals, supported by robust evidence.

The deposit plan should;

- safeguard mineral resources in line with national policy and maintain consistency across boundaries with neighbouring LPAs;
- safeguard existing and potential new railheads in order to provide a full range of sustainable transport options;
- adequately provide for the contribution to aggregates production over the plan period as identified in the RTS 1st Review;
- be as clear as possible as to areas where coal should not be worked in order to provide certainty to communities;
- include buffer zones around permitted and proposed mineral workings;
- set a clear strategy for dormant mineral sites and provide clarification on serving prohibition orders;
- encourage prudent use of natural resources and promote the use of recycled, secondary aggregates or waste materials to reduce primary resources extracted;
- develop a suitable policy framework to ensure the environmental, amenity and health impacts of future applications are appropriately assessed.

Renewable & Low Carbon Energy

We note that the Preferred Strategy only contains a policy relating to wind energy schemes, however, PPW states that local planning authorities should plan positively for all forms of renewable energy and low carbon energy development using up to date and appropriate evidence (paragraph 12.9.1).

The deposit plan should;

- Develop policies to guide all forms of renewable and low carbon energy development (PPW, paragraph 12.8.9). This should be supported by undertaking an assessment of the potential of all renewable energy resources and renewable and low carbon energy opportunities. The Welsh Government's Practice Guidance: Planning for Renewable and Low Carbon Energy – A Toolkit for Planners provides advice on how to prepare a robust evidence base and will be updated in the Spring to assist LPAs to undertake an assessment of the potential for solar energy generation in their area. It is noted that a landscape sensitivity analysis has been undertaken by the authority which could form part of the evidence base.

Strategic Policy SP13 – Renewable Energy: Local Areas of Search sets out that areas have been identified for the provision of renewable energy wind schemes, within which, there is a general presumption in favour of development. The allocation of such areas must be informed by a robust evidence base. Sub-local authority scale renewable energy projects (between 50KW and 5MW) are applicable in all parts of Wales. The LDP should encourage such development and clearly set out the local criteria against which such proposals will be evaluated.

In addition, PPW (4.12.5 and 12.9.8) states that local authority should assess strategic sites to identify opportunities for higher building standards (including zero carbon). Local authorities should also seek to maximise the opportunities for district heating and generation schemes. The authority should demonstrate that these issues have been considered for strategic sites.

Natural Heritage

There is no background/topic paper on natural heritage. It is therefore unclear as to how issues of natural heritage have informed the spatial strategy. As previously stated it is unclear how ‘environmental capacity’ has influenced the scale and distribution of growth in the SCC.

The Council need to explain as to what ‘weight’ has been given to environmental designations and how the presence (or otherwise) of these designations has informed the strategy and key allocations in the plan. In particular, what is the relationship to the requirement to consider releasing viable greenfield sites in the SCC to deliver on the key issues the plan is seeking to address? It is fundamental that the Deposit Plan addresses these issues, in line with PPW (Chapter 5) supported by the SA.

Supplementary Planning Guidance (SPG)

The preparation and timing of SPG, particularly of those significant elements should be provided at the deposit plan stage, and linked to monitoring framework where applicable. SPG adopted under the current adopted plan should be reviewed or updated to ensure that it is in line with the LDP.

Monitoring

It is vital that the monitoring framework includes key triggers and action points so that appropriate action can be in place in advance to avoid a situation of non delivery. When the Deposit Plan is produced, a significant number of LDPs will have either gone through examination or been adopted. This provides useful good practice examples which the authority could benefit from, building on the experiences and effectiveness of the current adopted framework.
