



COUNCIL – 1ST OCTOBER 2024

SUBJECT: CAERPHILLY COUNTY BOROUGH LOCAL DEVELOPMENT PLAN UP TO 2021 – ANNUAL MONITORING REPORT 2023 (INCLUDING THE ANNUAL COMMUNITY INFRASTRUCTURE LEVY REPORT)

REPORT BY: CORPORATE DIRECTOR FOR ECONOMY AND ENVIRONMENT

1. PURPOSE OF REPORT

- 1.1 To allow full Council to consider the findings and recommendations of the Caerphilly County Borough Local Development Plan 2024 Annual Monitoring Report (2024 AMR).
- 1.2 To recommend that the 2024 Annual Monitoring Report be approved by Council.
- 1.3 To recommend that the 2024 Annual Monitoring Report be submitted to the Welsh Government by 31 October 2024, in order to satisfy the Council's statutory requirements.

2. SUMMARY

- 2.1 It is a statutory requirement that the Council submits an Annual Monitoring Report (AMR) to the Welsh Government (WG) that monitors whether or not the Caerphilly County Borough Local Development Plan up to 2021 (LDP) is being implemented successfully. The overall purpose of the AMR is to identify whether the LDP strategy, or any of the strategic policies, are not being implemented and if they are not, identify steps to rectify this. This AMR covers the period 1 April 2023 – 31 March 2024 and must be submitted to Welsh Government by the end of October 2024.
- 2.2 An overview of the LDP monitoring data for the 2024 AMR provides an interesting insight into the implementation of the LDP over the monitoring period. Of particular note are the following:
 - The annual house building rate fell from 380 in 2022/23 to 278 in 2023/24 (the latter figure will not feed through into the LDP monitoring indicators until the 2025 AMR, though it will be factored into the housing trajectory);

- Whilst there is no longer a housing land supply figure, the 278 units delivered in 2023/24 is still beneath the annual requirement of 575, as set out in the housing trajectory. While the adopted LDP remains in effect, the 15 year plan period elapsed at the end of 2021;
- The average house price in the County Borough has fallen to £183,186. This is just under six times average earnings;
- Unemployment rose slightly to 3.3% (from 3.2%), though the number of people in employment rose to 86,500 (from 82,300);
- Over 8 ha worth of planning permission was granted on employment land during 2023/24, though development of allocated sites (EM1) continues to stagnate;
- Commercial vacancy rates in four of the five principal town centres have increased (Risca being the exception), albeit not markedly in some instances. The rates for Caerphilly, Risca-Pontymister and Ystrad Mynach are below 10% with the remainder above that mark. Bargoed remains the only town centre whose vacancy rate is over 20%;
- Changes in footfall in Caerphilly, Blackwood and Bargoed have been negligible since the previous year, though it remains below pre-pandemic levels.

2.3 The 2024 AMR includes the monitoring statement for the Council's implementation of its community infrastructure levy (CIL). This is the seventh year the Council has included this. Just over £151k was collected in revenue during 2023/24, whilst £13.67k has been passed to town and community councils during this time. £499k was available to the Council to deliver appropriate infrastructure as of 1 April 2024.

2.4 Previous AMRs have reflected Council resolutions to seek support for, and to commence work on, the preparation of a Strategic Development Plan (SDP) for the Cardiff Capital Region (CCR), as well as to undertake a review of the LDP, and subsequently commence a formal revision (preparation of the 2nd Replacement LDP). While regulations to oversee the preparation of SDPs and allow for the creation of corporate joint committees (CJCs) – the bodies responsible for their preparation – have come into effect, the absence of an adopted SDP is likely to remain for the foreseeable future. In terms of the 2nd Replacement LDP, the Review Report and accompanying draft Delivery Agreement were made subject to public consultation between January and March 2021, and approved by Council, and subsequently Welsh Government, in June 2021, thereby committing the Council to the plan preparation timetable contained therein. A formal call for candidate sites took place between 1 July and 31 August 2021, and public consultation on the Pre-Deposit Plan (Preferred Strategy) was held between 19 October and 30 November 2022. As a result of responses received during that consultation period and an identified need to undertake an assessment of future growth and migration forecasts for the South East Wales region, a revised Delivery Agreement has been prepared, with a further call for candidate sites and public consultation on a revised Pre-Deposit Plan anticipated during December 2024 and January 2025.

2.5 As stated in previous AMRs, preparation of the 2nd Replacement LDP is influenced by several policy considerations which remain pertinent, including:

- An urgent need to increase the housing land supply to deliver market and affordable housing;
- An urgent need to identify additional employment land to encourage economic growth in the County Borough;
- The potential for further unplanned development being allowed on appeal.

2.6 The 2024 AMR concludes and recommends that:

R1 Substantial progress has been made in implementing the Caerphilly County Borough Local Development Plan, adopted 2010;

R2 Preparation of the 2nd Replacement Local Development Plan should continue, consistent with the processes and timetable set out within the approved Delivery Agreement or subsequent revisions thereof;

R3 In the period up to the adoption of the 2nd Replacement LDP, the Council will continue to address the shortfall in the housing land supply through proactive action, including:

- Considering proposals for new residential development on their relative planning merits on a site-by-site basis and having due regard for the need to increase the housing land supply in line with national planning policy and guidance;
- Lobbying Welsh Government to establish funding mechanisms to incentivise sites in low viability areas and promote remediation of suitable brownfield sites for development;
- Utilising innovative funding models to bring forward Council owned sites with viability issues;
- Identifying schemes where funding opportunities could be exploited to deliver regeneration projects, including for housing and employment;
- Prioritising affordable and new-build Council housing on brownfield sites to help preserve the natural environment;
- Working to ensure new housing and other Council-led development schemes comply with high environmental standards to help address the climate emergency.

3. RECOMMENDATIONS

3.1 That Council considers and notes the findings of, and approves, the 2024 Annual Monitoring Report.

3.2 That the 2024 Annual Monitoring Report (including the Annual Community Infrastructure Levy Report) be submitted to the Welsh Government before the deadline of 31 October 2024.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To comply with the requirements of the Planning and Compulsory Purchase Act 2004, the LDP (Wales) Regulations 2005, the SEA Directive and the Community Infrastructure Levy Regulations 2010.
- 4.2 To comply with the recommendations set out in the 2024 Annual Monitoring Report.

5. THE REPORT

- 5.1 The Council formally adopted the Caerphilly County Borough Local Development Plan up to 2021 (LDP) on 23 November 2010. Following the adoption of its LDP, the Council has a statutory obligation under section 61 of the Planning and Compulsory Purchase Act 2004 to keep all matters under review that are expected to affect the development of its area. Further, section 76 of the Act requires the Council to produce information on these matters in the form of an Annual Monitoring Report for submission to Welsh Government (WG). The 2023 AMR monitors the period 1 April 2023 to 31st March 2024. It is required to be submitted to WG by 31 October 2024.
- 5.2 The 2024 AMR considers whether the development strategy that underpins the adopted LDP remains valid; and whether or not the strategy policies contained therein are being effective in delivering the development strategy and meeting the objectives of the plan.

Annual Monitoring Requirements

- 5.3 Section 76 of the Planning and Compulsory Purchase Act 2004, and Regulation 37 of the LDP (Wales) Regulations 2005 (as amended), require the preparation and publication of an AMR. Whilst the LDP Manual Edition 3 provides guidance in terms of structure and content, the structure of the 2024 AMR remains the same as in previous years:
- An executive summary;
 - A review of changes to national and regional policy and guidance and their implications for the LDP;
 - The strategic environmental assessment/sustainability appraisal (SEA/SA) monitoring based on the SEA/SA monitoring framework (LDP Appendix 18);
 - The LDP monitoring based on the LDP monitoring framework (LDP Appendix 19).
 - The required statutory indicators;
 - The recommendations on the course of action in respect of policies and the LDP as a whole.

Report of Findings

National Policy Context

Planning Policy Wales (PPW) 12

- 5.4 PPW 12 has been published, which incorporates changes made to Chapter 6 (Distinctive and Natural Places) of the document. There is now a stronger emphasis on taking a proactive approach to green infrastructure covering cross-boundary considerations, identifying key outputs of green infrastructure assessments, the submission of proportionate green infrastructure statements with planning applications and signposting Building with Nature standards.
- 5.5 Further clarity is provided on securing net benefit for biodiversity through the application of the step-wise approach, including the acknowledgement of off-site compensation measures as a last resort, and the need to consider enhancement and long-term management at each step. The use of the green infrastructure statement as a means of demonstrating the step-wise approach is made explicit. The importance of strategic collaboration to identify and capture large-scale opportunities for securing biodiversity net benefit is recognised. In terms of trees and woodland, there is closer alignment with the step-wise approach, along with promoting new planting as part of development.
- 5.6 Protection given to sites of special scientific interest (SSSIs) has been strengthened, with increased clarity on the position for site management and exemptions for minor development necessary to maintain 'living landscapes'. Other development is now considered unacceptable as a matter of principle although, exceptionally, a planned approach may be appropriate where necessary safeguards can be secured through development plans.

Strategic Environmental Assessment/Sustainability Appraisal Monitoring

- 5.7 In preparing the LDP, the Council undertook a sustainability appraisal (SA) process which also incorporated strategic environmental assessment (SEA), thereby fulfilling the requirements of the LDP Regulations and SEA Directive. It produced and published its SEA/SA Report in conjunction with the LDP.
- 5.8 The SEA Directive also requires that the Council monitors the state of the environment through monitoring the sustainability objectives set out in the SEA/SA Report. This forms an integral part of the AMR.
- 5.9 Though somewhat mixed between positive and negative, there is a slight shift away from neutral records between this monitoring period and the last, although there has been an increase in the number of them since 2010. Overall, however, there has been long-term variability and fluctuation, from which it is difficult to identify clear trends. This is due to the site-specific nature of certain

indicators, external circumstances and the fact that many indicators are considered relative to national averages.

LDP Policy Monitoring

5.10 The LDP monitoring process considers each of the 22 strategy policies against the LDP monitoring framework to identify whether the policies are effective and to identify any policies that are not being implemented successfully.

5.11 An overview of the LDP monitoring data for the 2023 AMR provides an interesting insight into the implementation of the LDP over the monitoring period. Of particular note are the following:

- The annual house building rate fell from 380 in 2022/23 to 278 in 2023/24 (the latter figure will not feed through into the LDP monitoring indicators until the 2025 AMR, though it will be factored into the housing trajectory);
- Whilst there is no longer a housing land supply figure, the 278 units delivered in 2023/24 is still beneath the annual requirement of 575, as set out in the housing trajectory. While the adopted LDP remains in effect, the 15 year plan period elapsed at the end of 2021;
- The average house price in the County Borough has fallen to £183,186. This is just under six times average earnings;
- Unemployment rose slightly to 3.3% (from 3.2%), though the number of people in employment rose to 86,500 (from 82,300);
- Over 8 ha worth of planning permission was granted on employment land during 2023/24, though development of allocated sites (EM1) continues to stagnate;
- Commercial vacancy rates in four of the five principal town centres have increased (Risca being the exception), albeit not markedly in some instances. The rates for Caerphilly, Risca-Pontymister and Ystrad Mynach are below 10% with the remainder above that mark. Bargoed remains the only town centre whose vacancy rate is over 20%;
- Changes in footfall in Caerphilly, Blackwood and Bargoed have been negligible since the previous year, though it remains below pre-pandemic levels.

5.12 In 2023/24, 278 units had been completed, a reduction from the 380 in the previous year and significantly lower than the AAR previously employed by the housing trajectory. This includes development of sites such as Ton y Felin, Croespenmaen; and Hawtin Park, Pontllanfraith. Planning and Environment Decisions Wales (formally the Planning Inspectorate) continues to take the view that the under-delivery of housing remains a material consideration. Matters to be considered in determining the weight to be attributed to under-delivery include:

- The extent of the shortfall;
- The length of time there has been a shortfall;

- How soon the Council will be able to demonstrate through an adopted LDP that it will meet the area's housing need.
- 5.13 Whilst the preparation of an up-to-date LDP is the appropriate means of addressing the housing shortfall in the medium to long term, it will not be adopted for some time. Therefore, as in previous years, there remains a need to increase the housing land supply in the short term. Those proactive measures identified in previous AMRs therefore remain valid.
- 5.14 As previously, objective 17, which addresses Caerphilly's role as a commercial and employment centre, and objective 18, which concerns the provision and protection of employment land, have also been identified as not delivering, on the grounds of minimal take-up and the low level of permissions granted during the monitoring period. The LDP has been relatively successful in respect of the development of employment sites and it is therefore not surprising that only a few sites remain. However, it is important that opportunities are explored through the development plan process to ensure that there will be a diverse portfolio of sites available in the future to support Caerphilly's strategic position in respect of employment and commercial development, especially in light of the County Borough's position within the Cardiff, Newport and the Valleys 'national growth area'.
- 5.15 Overall, and as previously, the AMR finds that the plan is being implemented successfully. However, the rate at which new housing is being delivered, and new economic and commercial development in taking place, remains low and requires intervention.

Mandatory Indicators

- 5.16 The LDP Regulations and Development Plans Manual, Edition 3 set out those key indicators that should be included in monitoring frameworks (aside from local, contextual and SEA indicators). However, it was decided for consistency and comparison reasons that the 2016 AMR and subsequent AMRs will continue to include the 10 of the original 12 mandatory indicators still monitored.
- 5.17 Included in these 10 are the two statutory indicators required by Regulation 37 in respect of the housing land supply and the number of net additional and general market dwellings. Following the revocation of TAN 1, the first of these indicators (relating to the housing land availability study) is no longer monitored. The Development Plans Manual now requires that the following indicators are monitored, which relate to the housing trajectory:
- The annual level of housing completions monitored against the anticipated annual build rate (AABR);
 - Total cumulative completions monitored against the anticipated cumulative completions rate.
- 5.18 However, the Manual is clear that for authorities who adopted their LDP prior to the publication of Edition 3, the average annual requirement (AAR) method should be used in preference to the AABR. Therefore, for the remainder of the

lifetime of the adopted LDP, the AMR will monitor the annual level of completions against the AAR. However, while the adopted LDP remains in effect, it should be noted that the monitoring year 2020/21 was the last full year of the 15-year plan period. The trajectory, therefore, is included for reference only and no longer provides information on cumulative completions. Data is, however, provided on completions for subsequent years, plus forecast completions for a further five years, as this will form part of the evidence base for the 2nd Replacement LDP.

Community Infrastructure Levy

- 5.19 The Community Infrastructure Levy (CIL) was introduced in Caerphilly County Borough on 1 July 2014. It is a mandatory charge that is levied against all new qualifying development. Regulation 62 of the Community Infrastructure Levy Regulations 2010 (as amended) requires a collecting authority (i.e. the Council) to publish an annual report in respect of CIL for every year when CIL receipts have been collected.
- 5.20 Given that the reporting period for CIL is the same as that used for the Annual Monitoring Report for the LDP (1 April to 31 March) it makes sense that the Annual CIL Report be incorporated into the Annual Monitoring Report for that year. During this period a total of £151,104.27 in CIL receipts were received by the Council. A total of £13,666.67 was paid to six local councils (i.e. town/community councils) in accordance with the CIL Regulations. In addition to this a further £7,447.63 is being retained for use within those areas of the County Borough that are not covered by local councils.
- 5.21 In accordance with the CIL Regulations, the Council has taken £7,551.21 of the CIL receipts in admin fees to assist in covering the cost of implementing and operating the CIL. The admin fees amount to 5% of the total CIL receipts for the year.
- 5.22 In terms of strategic infrastructure projects, the Council had previously allocated £200,000 for the preparation of Levelling Up Fund bids in relation to Caerphilly Well-Being Centre. However, actual spend was £47,416 and therefore £152,584 has been returned. There was no further CIL spending on strategic infrastructure projects during the year.
- 5.23 It can be confirmed that no infrastructure payments have been received in lieu of CIL and no CIL receipts have been passed to third parties to provide infrastructure. As a result, the remaining amount of CIL receipts available for expenditure on infrastructure is £499,362.08.

Conclusion and Recommendations

- 5.24 The 2024 AMR has identified that one policy – SP15 (Affordable Housing Target) – is not being delivered and requires intervention, as well as objective 9, which seeks to ‘Ensure an adequate and appropriate range of housing sites are available in the most suitable locations’. The number of completions

realised remains low when assessed against the annual requirement set out in the housing trajectory.

- 5.25 The adopted LDP was not able to achieve its target of 8,625 dwellings, and at least 964 affordable dwellings, by the end of the plan period i.e. 2021. The number of completions realised by the end of 2020/21 (5,588) represented a shortfall of circa 3,000 compared to the cumulative average annual requirement (AAR) as set out in the housing trajectory.
- 5.26 Whilst the preparation of an up-to-date LDP is the appropriate means of addressing the housing shortfall in the medium to long term, it will not be adopted for some time. Therefore, there remains a need to increase the housing land supply in the short term, utilising a number of direct interventions.
- 5.27 While the adopted LDP will remain in effect until superseded by the 2nd Replacement LDP, this does not change the position regarding housing delivery highlighted in previous years. Pressure will remain on the Council to grant permission for development in locations that may be contrary to the adopted LDP. The under-delivery of housing will remain a material consideration in the determination of planning applications, and inspectors will continue to take it seriously. Therefore, the previous recommendation that proposals for residential development should be considered on their relative merits on a site-by-site basis, having regard to the need to increase the housing land supply, remains valid. This is especially true since the publication of the national development framework *Future Wales* in 2021, and the implications for the County Borough of being part of the Cardiff, Newport and the Valleys 'national growth area'.
- 5.28 Objective 17, which addresses Caerphilly's role as a commercial and employment centre, and objective 18, which concerns the provision and protection of employment land, have also been identified as not delivering as required, on the grounds of minimal take-up and the low level of permissions granted during the monitoring period. The LDP has been relatively successful in respect of the development of employment sites and it is therefore not surprising that only a few sites remain. However, it is important that opportunities are explored through the development plan process to ensure that there will continue to be a diverse portfolio of sites available in the future to support Caerphilly's strategic position in respect of employment and commercial development, especially in light of the County Borough's position within the 'national growth area'.
- 5.29 Whilst the new South East Wales Corporate Joint Committee has been established in law, SDP preparation is yet to commence and it will not be adopted in the short term. It is therefore incumbent upon the Council to continue to progress the 2nd Replacement LDP, including for those matters which will ultimately be dealt with at the regional level by the SDP.
- 5.30 The 2024 AMR therefore concludes and recommends that:

- R1 Substantial progress has been made in implementing the Caerphilly County Borough Local Development Plan, adopted 2010;
- R2 Preparation of the 2nd Replacement Local Development Plan should continue, consistent with the processes and timetable set out within the approved Delivery Agreement or subsequent revisions thereof;
- R3 In the period up to the adoption of the 2nd Replacement LDP, the Council will continue to address the shortfall in the housing land supply through proactive action, including:
- Considering proposals for new residential development on their relative planning merits on a site-by-site basis and having due regard for the need to increase the housing land supply in line with national planning policy and guidance;
 - Lobbying Welsh Government to establish funding mechanisms to incentivise sites in low viability areas and promote remediation of suitable brownfield sites for development;
 - Utilising innovative funding models to bring forward Council owned sites with viability issues;
 - Identifying schemes where funding opportunities could be exploited to deliver regeneration projects, including for housing and employment;
 - Prioritising affordable and new-build Council housing on brownfield sites to help preserve the natural environment;
 - Working to ensure new housing and other Council-led development schemes comply with high environmental standards to help address the climate emergency.

6. ASSUMPTIONS

- 6.1 It is assumed that preparation of the 2nd Replacement LDP will continue in accordance with the timetable set out in a revised Delivery Agreement, to be drawn up and approved by Council and Welsh Government, and that adoption of the 2nd Replacement LDP will predate the adoption of the SDP, for which preparation has yet to commence.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 The IIA indicates a largely neutral impact on protected characteristics and socio-economic concerns. Preparation of the 2nd Replacement LDP was the recommendation of a previous AMR and has already been agreed. Potential impacts will be assessed and mitigated through the integrated sustainability appraisal (ISA) process.

[Link to full Integrated Impact Assessment](#)

8. FINANCIAL IMPLICATIONS

- 8.1 The decision to undertake preparation of the 2nd Replacement LDP, and incur those costs associated with that process, is the subject of a previous Council resolution. There are no financial implications as a result of the 2024 AMR.

9. PERSONNEL IMPLICATIONS

- 9.1 There are no personnel implications.

10. CONSULTATIONS

- 10.1 All responses have been incorporated into this report.

11. STATUTORY POWER

- 11.1 Planning and Compulsory Purchase Act 2004;
Town and Country Planning (Local Development Plan) (Wales) Regulations 2005 (as amended);
Local Government Act 2000

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Appendices:

Appendix 1 - Caerphilly County Borough Local Development Plan Annual Monitoring
Report 2024