

SUBJECT: PROGRESSING MONMOUTHSHIRE'S REPLACEMENT LOCAL DEVELOPMENT PLAN (RLDP)
MEETING: PLACE SCRUTINY COMMITTEE
DATE: 15 September 2022
DIVISION/WARDS AFFECTED: ALL

1. PURPOSE:

- 1.1 The purpose of this report is to facilitate pre-decision scrutiny on the proposed way of progressing the Replacement Local Development Plan (RLDP), ensuring that the RLDP delivers on the Council's objectives and addresses key local issues, in particular affordable housing, demographic balance and the climate and nature emergency, and to seek Committee's feedback/comments.

2. RECOMMENDATIONS:

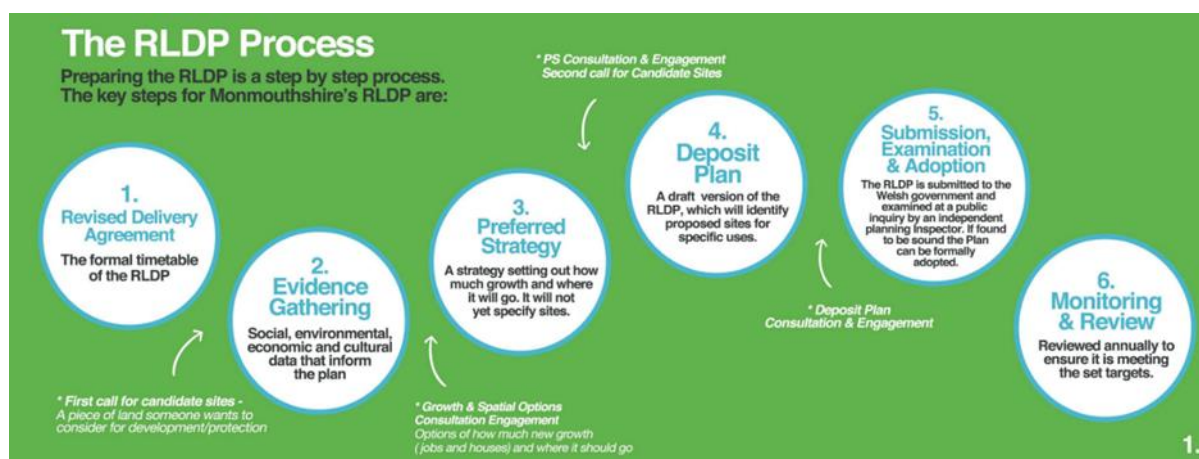
- 2.1 To scrutinise the proposed way of progressing the Replacement Local Development Plan, prior to the proposal being reported to Council on 22nd September 2022.

3. KEY ISSUES:

Background

- 3.1 The Council is preparing a Replacement Local Development Plan (RLDP) for the period 2018 to 2033. The RLDP is a key Council policy document that allocates land for development, designates areas for protection and contains policies to provide the basis for deciding planning applications. It will cover the whole of the County except for the part within Brecon Beacons National Park. The current adopted LDP covered the period 2011-2021 but remains the planning policy framework for making decisions in Monmouthshire until the adoption of the RLDP.
- 3.2 The RLDP will identify where and how much new, sustainable development will take place to 2033, underpinned by a clear and robust evidence base. Early stages of the project identified 38 issues facing the communities we serve, based on a range of evidence including responses to consultation on the Public Service Board's Local Wellbeing Plan. The RLDP's issues, vision and objectives were subject of targeted engagement in January-February 2019 and were [reviewed](#) in the light of the subsequent Climate Emergency declaration by Council in May 2019. A [further review](#) in the light of the Covid-19 pandemic concluded that the Plan's strategic direction of travel remained relevant and identified a number of key messages that will require ongoing consideration as the RLDP progresses.
- 3.3 The seventeen Plan objectives are grouped to reflect the seven wellbeing goals and not order of importance. However, as the Plan has developed, three core objectives have become apparent: delivering affordable housing to help address inequality, rebalancing the County's demography to ensure communities are socially and economically sustainable, and responding to the climate and nature emergency to ensure proposals are environmentally sustainable.

- 3.4 The diagram below shows the key steps in the RLDP process. Although the Preferred Strategy is the first statutory consultation stage in the RLDP preparation process, the Council chose to engage from the outset and consulted on the issues, vision and objectives, and the growth and spatial options stages.



- 3.5 The Preferred Strategy stage provides the strategic direction for the development and use of land in Monmouthshire (excluding the area within the Brecon Beacons National Park) over the Plan period 2018 to 2033 and identifies how much sustainable growth is needed and where this growth will broadly be located. Its preparation is guided by a framework of key inputs that includes the assessment and consideration of the growth and spatial options, responses from the consultation process, the findings of the [Integrated Sustainability Appraisal \(ISA\)](#), the [Sustainable Settlement Appraisal](#), [Future Wales the National Plan 2040](#), the LDP tests of soundness¹, Welsh Government's [Building Better Places](#) document, and the pressing need to address the key challenges relating to the County's demography, housing affordability and climate and nature emergency to achieve a sustainable, balanced and deliverable outcome.

Progress to date

- 3.6 Stakeholder consultation and engagement on the 'Sustainable and Resilient Communities [Preferred Strategy](#)' took place in Summer 2021, alongside a second opportunity for stakeholders to suggest sites for inclusion in the Plan for development or protection (the second call for candidate sites). This Strategy sought to:
- Make provision for 8,366 homes to deliver a housing requirement of 7,605 homes (this provision adds a 10% flexibility allowance which will be given further consideration and refined at Deposit Stage). As the Plan period began in 2018, the existing supply of housing land contributes towards the Plan's housing target. This means we would be required to allocate new sites for approximately **3,660 new homes**.
 - This housing growth figure included the provision of 2,170 to 2,450 affordable homes. Approximately 1,210 to 1,490 of these would be on new allocations.
 - Set out the planning policy framework to support the provision of 7,215 additional jobs by allocating sufficient employment land in the right places in the County to meet the needs of new and existing businesses.
 - Spatially distribute growth proportionately across the County's most sustainable settlements, with the majority of housing growth in Primary Settlements (Abergavenny including Llanfoist, Chepstow and Monmouth including Wyesham),

¹ <https://gov.wales/sites/default/files/publications/2020-03/development-plans-manual-edition-3-march-2020.pdf>

and Severnside (Caldicot, Caerwent, Crick, Magor, Undy, Rogiet, Portskewett and Sudbrook), with some growth in our Secondary Settlements (Penperlleni, Raglan and Usk) and Rural Settlements.

- 3.7 The consultation also sought views on options for strategic growth areas around each primary settlement and Severnside. These were set out in the [Easy Read](#) guide.

Reasons why a different approach is now proposed

- 3.8 Following the consultation/engagement on the Preferred Strategy, a number of challenges have arisen which have impacted on the progression of the RLDP and require further consideration, namely the Welsh Government objection to the Sustainable and Resilient Communities Preferred Strategy and phosphate water quality issues in the Rivers Wye and Usk.

Welsh Government Consultation Response to the Preferred Strategy

- 3.9 The Welsh Government's (WG) Planning Division response to the Preferred Strategy consultation raised some significant concerns regarding the proposed level of growth and the Strategy's 'general conformity' with policies 1 and 33 of the Future Wales: the National Plan 2040. This suggested that growth in Monmouthshire would undermine growth in the national growth area of Cardiff, Newport and the Valleys (Appendix 1). WG's consultation response takes the unprecedented step of prescribing a maximum growth of 4,275 dwellings for Monmouthshire to 2033. This is considerably lower than the Preferred Strategy dwelling requirement that we consulted on (7,605 dwellings) and would result in barely any new housing allocations over RLDP period due to the existing housing landbank. This approach would fail to deliver on our key locally evidenced issues and objectives including affordable housing delivery, economic growth/prosperity and rebalancing our demography, to the detriment of the sustainability of Monmouthshire's communities. It would also fail to accord with policies 4, 5 and 7 of Future Wales 2040: the national plan (FW2040) which specifically support rural communities and seek to increase the delivery of affordable homes throughout Wales (Appendix 1).
- 3.10 On 14th December 2021, a [a special meeting of the Council's Economy and Development Select Committee](#) considered the implications of the Welsh Government Planning Division's response on Monmouthshire's communities and on addressing the locally evidence-based outcomes and objectives.
- 3.11 The Welsh Government Planning Division's letter poses a significant challenge. An amended RLDP that follows the letter's requirements would not meet the tests of soundness at examination because it would not address the evidenced based issues or achieve the outcomes. Conversely, proceeding as originally proposed would be a high risk strategy. Consequently, officers and elected members have been liaising with Welsh Government officials and the Minister to seek to identify an acceptable way forward.

Phosphates

- 3.12 As a result of recent evidence regarding the environmental impacts of phosphate in watercourses, Natural Resources Wales (NRW) adopted tighter targets for the water quality of watercourses and conducted an assessment of the 9 riverine Special Areas of Conservation (SAC) in Wales. This assessment has established that phosphorus breaches are widespread within Welsh SAC rivers with over 60% of waterbodies

failing against the new targets. Within Monmouthshire, NRW identified that within the River Usk, 88% of the river's water bodies failed to meet the required target and within the River Wye, 67% of the river's water bodies failed to meet the required target.

- 3.13 In response, NRW has issued detailed planning guidance to ensure that the environmental capacity of the rivers does not deteriorate any further. Any proposed development within the affected catchment areas of the rivers Usk and Wye that might increase phosphate levels need to clearly evidence that the development can demonstrate phosphate neutrality or betterment in its design and/or its contribution to the water body. This issue affects the upper (non-tidal) parts of the two rivers, as shown in the plan at Appendix 2.
- 3.14 The phosphates water quality issue affecting the River Wye and River Usk has implications for the progression of the RLDP as the Preferred Strategy that we consulted on in July-August 2021 directed future growth to a number of key sustainable settlements within these affected catchment areas. Further consideration has, therefore, been given as to the RLDP can progress in light of this issue, carefully balancing the need for growth with the climate and nature emergency. Following discussions with Dŵr Cymru/Welsh Water (DCWW) and NRW, it has become apparent that whilst a workable solution to this water quality issue is achievable for the Llanfoist Waste water Treatment Works (WWTW) (River Usk catchment), there is no identified strategic solution for phosphate mitigation at the Monmouth WWTW (River Wye catchment) at this time that will be implemented during the Plan period. Without an identified deliverable solution, it will not be possible to demonstrate at examination that sites in the upper Wye catchment are deliverable, making the Plan unsound. This means that new site allocations for future growth cannot be directed to settlements within the affected Wye catchment area, including the primary settlement of Monmouth, until a feasible solution is identified that can be implemented within a timescale that facilitates development within the Plan period. The restrictions on new housing and employment development in this area during the Plan period has obvious implications for the RLDP spatial strategy.
- 3.15 Therefore, notwithstanding the Welsh Government Planning Division's objection to the Sustainable and Resilient Communities Preferred Strategy consulted upon in July and August 2021, the phosphates issue means a revised strategy is needed. This approach aligns with the Motion of the Rivers and Ocean Action Plan that is also being reported to this Council meeting.
- 3.16 Consideration has therefore been given to how to progress the RLDP having regard to the above challenges, whilst also ensuring that the RLDP delivers on the Council's objectives and addresses the core issues of delivering much needed affordable housing at pace and scale, responding to the climate and nature emergency by delivering zero carbon ready new homes for our communities, and ensuring our communities are socially and economically sustainable by attracting and retaining younger people to rebalance our ageing demographic. This report invites Council to agree a proposed way forward.

Preferred Option for Progressing the RLDP

- 3.17 The recommendation to Council is that the best option to proceed is to progress with an amended growth and spatial strategy that responds to the challenges identified above. The purpose of this report is to seek Council's agreement to this direction of travel. If agreed, a report will be brought to December's Council meeting containing an amended Preferred Strategy and Delivery Agreement for Council's endorsement for going out to public consultation.

- 3.18 The proposed revised preferred strategy would reduce the level of growth proposed and would amend the spatial distribution of new growth to avoid the upper Wye catchment. The revised Preferred Strategy would:
- Provide for approximately 5,400 - 5,940 homes over the Plan period 2018-2033. This includes the provision of approximately 1,500 - 1,770 affordable homes². As there are currently approximately 3,940 homes in the housing landbank³, the RLDP would need to allocate land for approximately **1,460 - 2,000 new homes, including 730 - 1,000 new affordable homes**. The Council's current data on affordable housing contained in the 2020 Local Housing Market Assessment indicates that 68% of the affordable housing provided needs to be social housing for rent, 7% intermediate rent and 25% low cost home ownership. This assessment is being updated based on a new WG template, but given increased property prices and the cost of living crisis, social rented affordable housing is expected to remain the greatest proportion of need.
 - Set out the planning policy framework to support/enable the provision of approx. 6,240 additional jobs by allocating sufficient employment land in the right places in the County to meet the needs of new and existing businesses. The Plan will also include policies to facilitate growth in retail, leisure and tourism sectors. The RLDP will be supported by an economic development strategy.
 - Locate growth proportionately across the County's most sustainable settlements, including Abergavenny, Chepstow and Severnside, as well as some growth in our rural settlements to deliver much needed affordable homes and to address rural inequality and rural isolation in these areas. Due to the lack of an identified strategic solution to the treatment of phosphates at the Monmouth WWTW within the Plan period, no new site allocations can be considered in settlements within the upper River Wye catchment area north of Bigsweir Bridge, including the primary settlement of Monmouth.
 - Identify preferred strategic sites in our primary settlements of Abergavenny and Chepstow and in Severnside.
 - Set out strategic policies on a range of topic areas, reflecting the four placemaking themes in Planning Policy Wales (PPW)⁴.
- 3.19 On balance, it is considered that the revised Preferred Strategy (as set out in paragraph 3.18) would best achieve sustainable balanced deliverable outcomes by:
- Delivering a level of growth (homes and jobs) that addresses our locally evidence-based issues and objectives in the south of the County and River Usk catchment area, including in relation to the delivery of affordable homes, rebalancing our demography and responding to the climate and nature emergencies, whilst having regard to WG officer concerns regarding alignment with Future Wales: the National Plan 2040.
 - Maximising affordable housing delivery on new housing allocations, reflecting the Administration's manifesto commitment to deliver 50% affordable homes on new housing sites which would help to tackle Monmouthshire's housing need, homelessness and social inequality. This approach would also enable the Council to consider alternative mechanisms for delivering affordable homes.
 - Providing a wider choice of smaller homes to enable younger people to live and work in Monmouthshire which would make our ageing communities more socially and economically sustainable.

² This adds a 10% flexibility allowance which will be given further consideration and refined at Deposit Stage

³ As the Plan period has already begun (2018) some of the homes in the landbank have been built, are under construction or have planning permission. The landbank figure also takes into account windfall sites and small sites.

⁴ PPW edition 11, WG, February 2011.

- Requiring new homes to be zero carbon ready, reflecting our commitment to responding to and tackling climate change.
- Delivering growth in our most sustainable settlements⁵. This would limit the impacts of climate change and ensure good placemaking principles of attractive, accessible places to live and work that have access to sustainable transport links and reduce the need for journeys by the car.
- Reconsulting on a revised Preferred Strategy which would enable the Council to progress the RLDP in a timely manner, with a view to adopting the Plan in summer 2025.

3.20 Notwithstanding the above, it is recognised that the preferred option would not deliver the Council's objectives or address key issues, including the delivery of new affordable homes, in those settlements in the phosphate affected upper River Wye catchment. However, as there are currently no identified strategic solutions to the treatment of phosphates in the River Wye catchment area during the Plan period, this shortcoming is unavoidable. It is not possible to allocate sites for new growth (homes and employment) in the affected river catchment. In contrast, strategic solutions are being developed to enable the treatment of phosphates in the River Usk catchment area. This will enable sustainable growth within the most sustainable settlements within the River Usk catchment area over the Plan period.

3.21 In recommending this level of growth, there would need to be a commitment to ensuring that the new site allocations provide 50% affordable housing. In order for residential sites to be allocated in the RLDP, it will be essential to demonstrate that sites are viable and deliverable, having regard to the Administration's commitment for 50% affordable housing provision on new sites, the requirement for zero carbon ready homes and associated infrastructure to support the development. This might require WG policy position changes on use of Social Housing Grant or other public sector funding. Additional viability work will be required to demonstrate site viability and deliverability based on these policy requirements. Current policy seeks neutral tenure, but the RLDP could, if desired include a policy specifying the affordable housing mix (social rent, intermediate rent and low cost home ownership). Such a policy should be based on the evidence contained in the updated Local Housing Market Assessment: this detail is a matter for the Deposit Plan at a future stage. The revised Preferred Strategy will seek to identify sites which provide sustainable access to existing urban settlements. It will seek to ensure high levels of sustainability in the construction and liveability of the new housing.

Next Steps

3.22 Feedback from the Place Scrutiny Committee will be reported to Council on 22nd September alongside the proposed way forwards. If Council endorses this proposal for progressing the RLDP, a revised Preferred Strategy based on this strategy option will be reported to Council in December 2022 for endorsement to be issued for statutory consultation/engagement in December 2022 to January 2023. The consultation responses received will then inform and shape the next key stage of the RLDP process, the Deposit Plan. In December 2022, Council's agreement will also be sought for the RLDP Revised Delivery Agreement, which will amend the project timetable for Plan preparation, for submission to the Welsh Government for Ministerial approval.

4. EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING):

⁵ Excluding those settlements in the River Wye catchment area due to the inability to deliver strategic solution to phosphate mitigation the area's WWTW.

- 4.1 The Planning and Compulsory Purchase Act (2004) sets out the requirement for all LDPs to be subject to a Sustainability Appraisal (SA). All stages of the RLDP will be subject to an Integrated Sustainability Assessment (ISA) (including Strategic Environmental Assessment (SEA), Well-being of Future Generations (WBFGE), Health Impact Assessment (HIA), Equality Impact Assessment (EqIA), and Welsh Language Impact Assessment (WLIA)). The ISA findings would inform the development of the revised Preferred Strategy and will be used to inform detailed policies and site allocations in the Deposit Plan, in order to ensure that the Plan will promote sustainable development. The Initial ISAR would be published alongside the revised Preferred Strategy.
- 4.2 An Equality and Future Generations Evaluation (including equalities and sustainability impact assessment) is attached to this report at Appendix 3.

Safeguarding and Corporate Parenting

- 4.3 There are no safeguarding or corporate parenting implications arising directly from this report. The RLDP has the potential to provide affordable housing, delivery and allocation of which should be cognisant of the needs of children leaving care.

Socio-economic Duty

- 4.4 The RLDP seeks to tackle inequality, specifically by seeking to address house price unaffordability, which currently prevents some of our communities accessing suitable housing within the County. This is likely to benefit younger people, who in turn will make our ageing communities more socially and economically balanced and more sustainable. Good quality and affordable homes are important in achieving poverty reduction and equitable prosperity, and supporting the best start in life. Good spatial planning helps to build cohesive communities. The provision of affordable homes combined with policy interventions in relation to the requirement of a mix of market housing will increase opportunities for those in poverty to access safe, secure and suitable housing. In accordance with the WBFGE, the RLDP also seeks to prevent future problems and will therefore continue to avoid new development in flood risk areas and will seek zero carbon ready development to help address the climate and nature emergency and also tackle issues such as fuel poverty.

5. OPTIONS APPRAISAL

- 5.1 In arriving at the proposed way forwards above, a number of options have been considered:
- Option 1: Proceed with the existing Preferred Strategy that we consulted on in July-August 2021;
 - Option 2: Adopt an amended approach and proceed with a demographic-led strategy (based on the latest detailed population data⁶) and an amended spatial strategy to take account of the phosphate constraint in the River Wye catchment. This is the recommended option;
 - Option 3: Proceed with the WG prescribed maximum dwelling requirement (4,275 dwellings over the Plan period), and a spatial strategy that takes account of the phosphate constraint in the River Wye catchment; or
 - Option 4: Restart the RLDP process.
- 5.2 A detailed options appraisal of the four options has been undertaken and is attached at Appendix 4. This sets out the demographic, dwelling and jobs growth levels

⁶ ONS 2020 Mid-year Estimates

associated with each option, together with the benefits and risks, including in relation to the ability of each option to meet our objectives and address our key issues, the impact on plan preparation and deliverability of the RLDP. The table below provides a high level summary.

5.3 The options appraisal concludes that Option 2, to proceed with a revised Preferred Strategy based on a demographic-led strategy and an amended spatial strategy to take account of the phosphate constraint in the upper River Wye Catchment (i.e. avoiding growth in the affected settlements), is the most appropriate option for progressing the RLDP in light of the aforementioned challenges. The other three options have been discounted for various reasons, as set out in the options appraisal (Appendix 4).

Option	Benefit	Risk	Comment
Endorse Option 2 as the Preferred Option to progress the RLDP.	This option would best deliver on the Council's objectives to create sustainable and resilient communities for current and future generations and enable the RLDP preparation process to progress in a timely manner.		Option 2 is considered to promote an appropriate level and spatial distribution of housing and employment growth for the County to 2033 having regard to the key challenges (set out above) and the pressing need to deliver key outcomes, including housing affordability, demographic balance and climate change. This is the preferred option.
Endorse one of the alternative options to progress the RLDP.		As set out in the Options Appraisal, the alternative options have been discounted for various reasons and are not considered an appropriate basis on which to progress the RLDP.	As above, it is considered that Option 2 would best deliver on the Council's objectives to create sustainable and resilient communities for current and future generations and enable the RLDP preparation process to progress in a timely manner. It is not considered appropriate to endorse one of the discounted options.
Do not endorse any of the options to progress the RLDP.		This would lead to a significant delay in the RLDP preparation process with resultant implications, including: <ul style="list-style-type: none"> • A delay in addressing our key issues, including housing affordability, demographic balance and climate change. 	As above, it is considered that Option 2 would best deliver on the Council's objectives to create sustainable and resilient communities for current and future generations and enable the RLDP preparation process to progress in a timely

Option	Benefit	Risk	Comment
		<ul style="list-style-type: none"> • Policy gap - evidence/ policy framework in the extant adopted LDP becomes more out dated. • Associated lack of certainty for communities and investors. 	<p>manner.</p> <p>Not endorsing any option would result in significant delays to the RLDP preparation process with associated negative implications.</p>

6. RESOURCE IMPLICATIONS

- 6.1 Officer and consultant time and costs associated with the preparation of the revised Preferred Strategy option will be met from the Planning Policy budget and existing LDP reserve.
- 6.2 Delivery of the RLDP, once adopted, will need to be accompanied by a range of infrastructure provision including transport, education, health care, leisure and affordable housing. The infrastructure requirements will be identified in the Infrastructure Plan and updated Local Transport Plan accompanying the RLDP. Although it is expected that most of this infrastructure would be funded via S106 planning contributions (or possibly a Community Infrastructure Levy), there may be a requirement for Council expenditure to assist in providing some infrastructure or in bringing some sites forwards. This might include the use of Compulsory Purchase Orders and/or potential commercial investment to provide 'shovel ready' sites or business premises. There may also be grant funding available.

7. CONSULTEES

- Informal Cabinet
- Cabinet Member for Sustainable Economy, Deputy Leader
- SLT
- Communities and Place DMT
- Member workshop 12th September 2022

8. BACKGROUND PAPERS

- [RLDP Preferred Strategy](#) (June 2021)
- [Initial Integrated Sustainability Appraisal Report](#) (AECOM, June 2021)
- [HRA of the Monmouthshire RLDP Preferred Strategy](#) (AECOM, June 2021)
- Preferred Strategy consultation responses, including Welsh Government Planning Division's response.
- [RLDP Delivery Agreement](#) (Second Revision, October 2021)
- Monmouthshire RLDP Demographic Update Report (Edge Analytics, November 2021)

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APPENDICES:

APPENDIX 1: Welsh Government Planning Division's response to the RLDP Preferred Strategy (June 2021), Future Wales: the National Plan 2040 Policies 1, 4, 5, 7 and 33 and South East Wales Regional Strategic Diagram.

APPENDIX 2: Map of River Usk and River Wye Catchment Areas

APPENDIX 3: Equality and Future Generations Evaluation

APPENDIX 4: RLDP Options Appraisal