

# Public Document Pack



Neuadd y Sir  
Y Rhadyr  
Brynbuga  
NP15 1GA

County Hall  
Rhadyr  
Usk  
NP15 1GA

Wednesday, 2 March 2016

## Notice of meeting / Hysbysiad o gyfarfod:

### County Council

**Thursday, 10th March, 2016 at 2.00 pm,  
Council Chamber, County Hall, The Rhadyr, Usk, NP15 1GA**

### AGENDA

*Prayers will be said prior to the Council meeting at 1.55pm. All members are welcome to join the Chairman for prayers should they wish to do.*

Item No	Item	Pages
1.	<b>Apologies for absence</b>	
2.	<b>Public Open Forum</b>	
3.	<b>Chairman's report and receipt of peitions</b>	1 - 2
4.	<b>Declarations of Interest</b>	
5.	<b>To confirm and sign the minutes of the meeting held on 21st January 2016.</b>	3 - 14
6.	<b>Notices of Motion:</b>	
6.1.	<b>Motion by County Councillor F. Taylor:</b>  That this Council write to Welsh Government to clarify the impact of the proposed "Black Route" on Magor Services. In particular that this Council seeks to understand the potential consequences for the 190 local people who are currently employed there.	
6.2.	<b>Motion by County Councillor F. Taylor:</b>  That this Council makes available the senior salary payable to the "Leader of other political groups" as recommended by the Independent remuneration Panel for Wales.	

<b>7.</b>	<b>Reports of the Head of Finance/S151 Officer:</b>	
<b>7.1.</b>	<b>Council Tax Resolution 2016/17</b>	15 - 26
<b>7.2.</b>	<b>Treasury Management Policy Statement &amp; Strategy Statement, MRP Policy Statement and Investment Strategy 2016/17</b>	27 - 68
<b>8.</b>	<b>Reports of the Chief Officer, Children and Young People:</b>	
<b>8.1.</b>	<b>Outcomes following Estyn's Final Monitoring Visit 23-27 November 2015</b>	69 - 100
<b>9.</b>	<b>Report of the Chief Officer, Enterprise:</b>	
<b>9.1.</b>	<b>Monmouthshire Local Development Plan: Community Infrastructure Levy</b>	101 - 276
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<b>9.3.</b>	<b>Publication of Pay Policy Statement as required by the Localism Act</b>	415 - 432
<b>10.</b>	<b>Reports of the Head of Democracy and Regulatory Services:</b>	
<b>10.1.</b>	<b>Draft Diary of Meetings 2016/17</b>	433 - 442
<b>11.</b>	<b>Reports of the Head of Strategic Partnerships:</b>	
<b>11.1.</b>	<b>MCC Strategic Equality Plan 2016 - 2020</b>	443 - 488
<b>12.</b>	<b>Reports of the Head of Operations:</b>	
<b>12.1.</b>	<b>Food Waste Treatment - Long Term Strategy &amp; Heads of Valley Procurement</b>	489 - 602
<b>13.</b>	<b>Member Questions:</b>	
<b>13.1.</b>	<b>from County Councillor D. Batrouni to County Councillor P. Murphy:</b>  How much money has the county of Monmouthshire received from European Union funds since 2005?	
<b>13.2.</b>	<b>from County Councillor D. Batrouni to County Councillor P. Murphy:</b>	

<b>13.3.</b>	What are the Council administration's plans for the extra £109,000 received from the Welsh Government?  <b>from County Councillor D. Batrouni to County Councillor P. Hobson:</b>  How often does the Cabinet member talk to the Chief Executives of the Housing Associations that have properties in Monmouthshire?	
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**Paul Matthews**

**Chief Executive / Prif Weithredwr**

MONMOUTHSHIRE COUNTY COUNCIL  
CYNGOR SIR FYNWY

THE CONSTITUTION OF THE COMMITTEE IS AS FOLLOWS:

County Councillors:

D. Batrouni  
J. Prosser  
D. Blakebrough  
M. Powell  
V. Smith  
G. Burrows  
R. Chapman  
P. Clarke  
J. Crook  
D. Dovey  
G. Down  
A. Easson  
D. Edwards  
R. Edwards  
D. Evans  
P. Farley  
P.A. Fox  
J. George  
R.J.W. Greenland  
L. Guppy  
E. Hackett Pain  
R. Harris  
B. Hayward  
M. Hickman  
J. Higginson  
P.A.D. Hobson  
G. Howard  
S. Howarth  
D. Jones  
P. Jones  
S. Jones  
S.B. Jones  
P. Jordan  
J. Marshall  
P. Murphy  
B. Strong  
F. Taylor  
A. Watts  
P. Watts  
A. Webb  
S. White  
K. Williams  
A. Wintle

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**Welsh Language**

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# Aims and Values of Monmouthshire County Council

## Sustainable and Resilient Communities

### Outcomes we are working towards

#### **Nobody Is Left Behind**

- Older people are able to live their good life
- People have access to appropriate and affordable housing
- People have good access and mobility

#### **People Are Confident, Capable and Involved**

- People's lives are not affected by alcohol and drug misuse
- Families are supported
- People feel safe

#### **Our County Thrives**

- Business and enterprise
- People have access to practical and flexible learning
- People protect and enhance the environment

### Our priorities

- Schools
- Protection of vulnerable people
- Supporting Business and Job Creation
- Maintaining locally accessible services

### Our Values

- **Openness:** we aspire to be open and honest to develop trusting relationships.
- **Fairness:** we aspire to provide fair choice, opportunities and experiences and become an organisation built on mutual respect.
- **Flexibility:** we aspire to be flexible in our thinking and action to become an effective and efficient organisation.
- **Teamwork:** we aspire to work together to share our successes and failures by building on our strengths and supporting one another to achieve our goals.

# Nodau a Gwerthoedd Cyngor Sir Fynwy

## Cymunedau Cynaliadwy a Chryf

### Canlyniadau y gweithiwn i'w cyflawni

#### Neb yn cael ei adael ar ôl

- Gall pobl hŷn fyw bywyd da
- Pobl â mynediad i dai addas a fforddiadwy
- Pobl â mynediad a symudedd da

#### Pobl yn hyderus, galluog ac yn cymryd rhan

- Camddefnyddio alcohol a chyffuriau ddim yn effeithio ar fywydau pobl
- Teuluoedd yn cael eu cefnogi
- Pobl yn teimlo'n ddiogel

#### Ein sir yn ffynnu

- Busnes a menter
- Pobl â mynediad i ddysgu ymarferol a hyblyg
- Pobl yn diogelu ac yn cyfoethogi'r amgylchedd

### Ein blaenoriaethau

- Ysgolion
- Diogelu pobl agored i niwed
- Cefnogi busnes a chreu swyddi
- Cynnal gwasanaethau sy'n hygyrch yn lleol

### Ein gwerthoedd

- **Bod yn agored:** anelwn fod yn agored ac onest i ddatblygu perthnasoedd ymddiriedus
- **Tegwch:** anelwn ddarparu dewis teg, cyfleoedd a phrofiadau a dod yn sefydliad a adeiladwyd ar barch un at y llall.
- **Hyblygrwydd:** anelwn fod yn hyblyg yn ein syniadau a'n gweithredoedd i ddod yn sefydliad effeithlon ac effeithiol.
- **Gwaith tîm:** anelwn gydweithio i rannu ein llwyddiannau a'n methiannau drwy adeiladu ar ein cryfderau a chefnogi ein gilydd i gyflawni ein nodau.

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# Agenda Item 3

## Chairman's Report - 21<sup>th</sup> January – 1<sup>st</sup> March

Thursday 21 <sup>st</sup> January 10.40 a.m.	Kerbcraft Celebration Assembly Usk Primary School, Usk
Saturday 23 <sup>rd</sup> January 7 p.m.	Powys Charity Dinner Castle Hotel, Brecon
Wednesday 27 <sup>th</sup> January 11 a.m.	Wales National Commemoration of Holocaust Memorial Day Llandaff Cathedral, Cardiff
Thursday 4 <sup>th</sup> February 11 a.m.	Citizenship Ceremony Registrar's Office, Usk
Saturday 6 <sup>th</sup> February 3 p.m.	Centenary of the Archdiocese of Cardiff Llandaff Cathedral
Thursday 11 <sup>th</sup> February	Monmouth School's Choral and Orchestral Concert Wyastone Concert Hall, Monmouth
Tuesday 23 <sup>rd</sup> February 7 p.m.	Charity Quiz and Chips Night Pages Fish Bar, Cwmbran
Sunday 28 <sup>th</sup> February 3 p.m.	Priory Singers – Salvator Mundi – Music for Lent St Mary's Priory Church, Abergavenny
Tuesday 1 <sup>st</sup> March 10:45 a.m.	Lord Mayor's St David's Day Civic Service Parish Church of St John the Baptist, Cardiff

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# Public Document Pack Agenda Item 5

## MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of County Council held  
at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 21st January, 2016 at 2.00 pm

**PRESENT:** County Councillor B. Strong (Chairman)  
County Councillor (Vice Chairman)

County Councillors: D. Batrouni, J. Prosser, M. Powell, V. Smith, G. Burrows, P. Clarke, J. Crook, D. Dovey, G. Down, A. Easson, D. Edwards, R. Edwards, D. Evans, P. Farley, P.A. Fox, R.J.W. Greenland, L. Guppy, E. Hackett Pain, R. Harris, B. Hayward, J. Higginson, G. Howard, S. Howarth, D. Jones, P. Jones, S. Jones, S.B. Jones, P. Jordan, J. Marshall, P. Murphy, F. Taylor, A. Watts, P. Watts, A. Webb, S. White and A. Wintle

### OFFICERS IN ATTENDANCE:

Paul Matthews	Chief Executive
Kellie Beirne	Chief Officer, Enterprise
Peter Davies	Head of Commercial & People Development
Tracey Harry	Head of Democracy and Regulatory Services
Roger Hoggins	Head of Operations
Sarah McGuinness	Chief Officer, Children & Young People
Will McLean	Head of Policy & Engagement
Joy Robson	Head of Finance/Section 151 Officer
Robert Tranter	Head of Legal Services & Temporary Monitoring Officer
Claire Marchant	Chief Officer Social Care, Health & Housing
Sian Hayward	Digital and Technology Manager
Mark Howcroft	Head of Operations
Hazel Ilett	Scrutiny Manager
Sarah King	Senior Democratic Services Officer

### APOLOGIES:

Councillors D. Blakebrough, R. Chapman, J. George, M. Hickman, P.A.D. Hobson and K. Williams

## **2. Public Open Forum**

### **2.1. Question from H. Cullen-Jones to County Councillor P. Murphy:**

*'Bridges Community Centre recently applied for a leasehold Community Asset Transfer in accordance with the Asset Management Plan accepted by Cabinet on 5 November 2014. The transfer was refused by the Estates department and within the current plan there is no procedure for appeal. In light of this, would Councillor Murphy allow Bridges to present their case to the Strong Communities Select Committee so it can be reviewed by the democratically elected members?'*

Councillor Murphy responded:

- Thanked member of the public for the question.

## MONMOUTHSHIRE COUNTY COUNCIL

### Minutes of the meeting of County Council held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 21st January, 2016 at 2.00 pm

- Commended work that had been undertaken at Bridges, as a successful social enterprise.
- Cabinet were yet to take a view and welcomed that the issue was considered by the select committee.

As a supplementary question:

Was there possibility of ongoing lease of minimum 50 years?

In response, the Cabinet member advised that this would be passed to the team to consider.

#### **2.2. Question from R. Jeffries to County Councillor E. Hacket Pain:**

*'Parents and governors are against the closure of the Deri View Special Needs Resource Base and over 1,000 local people have signed the petition supporting them. Could the Cabinet member for education explain why she still feels there are more reasons to close the unit than to keep it open?'*

County Councillors R. Harris and M. Powell declared personal non prejudicial interests, pursuant to the Members Code of Conduct as LEA appointed Governors of Deri View School.

Councillor Hacket Pain responded:

- Deri View School has excellent standards of teaching, with skilled staff.
- Proposal for closure had been considered over some time.
- Intended to provide interim support, as most children were now being taught mainstream.
- Welcome receipt of petition and very keen to speak to signatories.

As a supplementary question:

Have Education professionals been liaising with Health professionals?

The Cabinet Member responded and confirmed that Education and Health Officers would meet. Individual cases could not be discussed, however, welcomed a separate meeting.

#### **2.3. Question from C. Fookes to County Councillor E. Hacket Pain:**

*'The Council says that savings in the region of £140k can be made by closing the Deri View Special Needs Resource Base. Can the Cabinet member provide us with the on-going costs of educating 1) the current pupils elsewhere, and 2) the possible 12 pupils it has been suggested could be using the unit from September 2016. In particular the costs for:*

- *transporting the children out of catchment: transport and chaperone costs*
- *Redundancies at Deri View SNRB*
- *1-1 Sapre costs'*

County Councillors R.Harris and M.Powell declared personal and non-prejudicial interests as LEA appointed Governors of Deri View School.

Councillor Hacket Pain responded:

- Information was presented at the parents meeting at Deri View School.

# MONMOUTHSHIRE COUNTY COUNCIL

## Minutes of the meeting of County Council held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 21st January, 2016 at 2.00 pm

- The closure relates to the facility and not the learning provision. Designation of resource base was for moderate needs, which could be addressed through mainstream learning. Deri View is not full to capacity and has not been for a number of years.

As a supplementary:

Please keep rights of child and parents at the front of mind when discussing whether this should stay open.

The Cabinet Member reassured that the Children were always at the front and centre.

### **3. Chairman's Report and receipt of petitions**

Council received and noted the Chairman's report.

County Councillor D. Batrouni presented a presentation:

*'The special needs base at Deri View is a fantastic resource with expertly skilled staff, a sensory room, and sensory garden and is importantly the only local provision for children with additional learning needs in the immediate area. The current proposal wishes to close this provision and for these children to travel by bus for 30 minutes to the next closest provision in Monmouth, or even further to out of county special schools. This petition is to request that the Council protects Deri View's special needs unit which would protect these children's education, will save jobs and will promote the local community school.'*

The petition was presented to the Chairman and would be presented to the appropriate officer.

### **4. Declarations of Interest**

Noted under the appropriate agenda item.

### **5. To confirm and sign the minutes of the meeting held on 17th December 2015**

We confirmed and signed the minutes of the meeting held on 17<sup>th</sup> December 2015.

### **6. To receive the minutes of the following:**

#### **6.1. Minutes of meeting Monday, 19 October 2015 of Democratic Services Committee**

We received, for information, the minutes of the Democratic Services Committee meeting held on 19<sup>th</sup> October 2015.

#### **6.2. Minutes of meeting Monday, 7 September 2015 of Democratic Services Committee**

We received, for information, the minutes of the Democratic Services Committee meeting held on 7<sup>th</sup> September 2015.

## MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of County Council held  
at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 21st January, 2016 at 2.00 pm

### 7. Notices of Motion

There were no notices of motion raised by members.

### 8. Reports of the Head of Finance/S151 Officer:

#### **8.1. Revenue and Capital Budget 2016/17 - final proposals following budget consultation**

Council were presented with the Revenue and Capital Budget 2016/17, final proposals following budget consultation. The purpose was:

1. To update Council with the consultation responses to the budget proposals issued by Cabinet on the 7th October 2015 and 3rd December 2015 in respect of the Capital and Revenue budgets.
2. To update members with implications arising from the provisional Settlement announcement of the Welsh Government.
3. To make recommendations to Council on the Capital and Revenue budgets and level of Council Tax for 2016/17.
4. To receive the Responsible Financial Officer's Prudential Indicator calculations for capital financing.
5. To receive the statutory report of the Responsible Financial Officer on the budget process and the adequacy of reserves.

The Cabinet Member thanked Officers and members of the public.

County Councillor D. Batrouni opposed the budget, reasons included DFG, cuts to vital areas, effect on schools and transport issues surrounding Deri View.

County Councillor S. Howarth proposed an amendment that, two mandates B14 & B15 were retained in budget, this was duly seconded.

In presenting the amendment County Councillor Howarth highlighted the following regarding mandates:

- **B11** – Further information was requested at the select committee regarding savings and reorganisation. £315k, further information was awaited.
- **B14** – Explanation was requested as to why urbanised areas would still retain cuts.
- **B15** – Reduction of crews and vehicles. Clarification was requested regarding how work would be undertaken and how services would be delivered.
- **B21** – Working with town and community councils. Requirement for further transparency and a need to work together.

During debate we noted the following:

- A member opposed to the reduction in highways budget. The importance of service delivery and appropriate infrastructure was highlighted. It was felt that cutting would improve appearance throughout the county.
- Council were reminded that the authority were under significant pressure, priority areas were schools and social services.
- Officers confirmed that hedge cutting in urban areas was undertaken twice a year. Particular focus was maintained on rural routes and lanes.
- A number of Members commended officers in making the efficiency savings that were required.

## MONMOUTHSHIRE COUNTY COUNCIL

### Minutes of the meeting of County Council held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 21st January, 2016 at 2.00 pm

- Significant concerns were expressed regarding the Future Generations Assessment, which appeared to be incomplete and that final versions should be available. The authority had been an early adopter of the Future Generations Act and the detail would be helpful, so that members could have identified the impact on future generations.
- It was suggested that additional funding could be found through an increase in Council Tax. Opposing views were that Council Tax should not be increased and the public could not afford constant increases.
- Further information was requested regarding the demographic breakdown of consultees during budget engagement. In response, council were informed that a lot of engagement was undertaken and responses were evaluated.

Upon being put to the vote, the amendment was defeated.

We debated the original recommendation:

- Detail was requested regarding the accumulation of debt, through council tax collection and what was written off.
- A member highlighted that an increase in council tax would result in more income for the authority.
- We recognised that the Welsh Government funding formula did not recognise rurality, which resulted in Monmouthshire being at a disadvantage in funding terms.
- It was understood that references had been made at consultation which opposed cuts to the highways budget. However, this had not been reflected in updated mandates.
- Council Tax had not been subject to increase for a number of years with a significant increase recently.

County Councillor F. Taylor proposed an amendment, which was duly seconded, to increase the council tax from 3.95% to 4.95% increasing Band D by £10.95 per annum. Money prioritised for mandates mentioned by Councillor Howarth.

In debating the amendment we noted:

- Healthy at home preventative work was highlighted as important as restorative work. Funding was provided and contributions were made from the supporting people budget.
- A member indicated that emphasis had been directed towards Town and Community Councils taking on services. There was a need to ensure that this was done in an appropriate manner with necessary funding being reserved.
- In summing up, the member highlighted that the income would allow the highways budget to be retained and income for healthy homes.

A recorded vote was proposed and agreed. We recorded the following:

FOR: County Councillors R.J.C. Hayward, S.G.M. Howarth, D.W.H. Jones, F. Taylor and A.M. Wintle (6)

AGAINST: County Councillors G.C. Burrows, P.R. Clarke, D.L.S. Dovey, G.L. Down, D.L. Edwards, R. Edwards, P.A. Fox, R.J.W. Greenland, E.J. Hackett Pain, G. Howard, P. Jones, S. Jones, S.B. Jones, R.P. Jordan, P. Murphy, M. Powell, J.L. Prosser, B. Strong, A.E. Webb and S. White (21)

ABSTAINED: County Councillors D. Batrouni, J.E. Crook, A. Easson, D.J. Evans, P.S. Farley, R.G. Harris, R.J. Higginson, V.E. Smith, A.C. Watts and P.A. Watts (10)

**The amendment was defeated.**

Following a 10 minute adjournment, Council debated original recommendations.

## MONMOUTHSHIRE COUNTY COUNCIL

### Minutes of the meeting of County Council held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 21st January, 2016 at 2.00 pm

- Council recognised the importance of delivering service to an expected level and that budget pressures would be ongoing over future years. There would be considerable financial burdens in all areas, which would have to be addressed.
- The public had been consulted and engaged during the budget setting process, in addition there had been significant scrutiny, which was supported by members.
- Officers were commended in proposals that had been presented.
- Clarification was requested regarding the position of Skutrade and whether the project had been completed, which Cabinet had agreed contribution of £100k.

It was proposed by County Councillor Hayward and duly seconded, that £100k funding was withdrawn from Skutrade.

- Officers clarified that the authority had been working closely with Skutrade and information had been presented to the Economy and Development select committee (early 2015). The funding would be issued as a loan, recovered over a 5 year period and could not be displaced elsewhere. The progress was being assessed, due diligence had been apportioned to the Cabinet Member, Head of Finance and Chief Officer Enterprise.
- The Chair of Economy and Development Select committee confirmed that the item would be reconsidered by the select committee.

Upon receipt of information it was clarified that money given to Skutrade did not form part of the budget, therefore no further comments were made.

In summing up, Councillor Murphy highlighted that Council Tax collections were in excess of 99%.

Clarification was requested regarding the amount that was written off and whether Welsh Government would provide monies for rural authorities.

The Cabinet Member confirmed that necessary information would be provided to members.

It was proposed and duly seconded that recommendations within the report were approved.

A recorded vote was proposed and agreed:

- FOR: County Councillors G.C. Burrows, P.R. Clarke, D.L.S. Dovey, D.L. Edwards, R. Edwards, P.A. Fox, R.J.W. Greenland, L. Guppy, E.J. Hackett Pain, G. Howard, P. Jones, S. Jones, S.B. Jones, R.P. Jordan, P. Murphy, M. Powell, J.L. Prosser, B. Strong, A.E. Webb and S. White (20)
- AGAINST: County Councillors D. Batrouni, J.E. Crook, A. Easson, D.J. Evans, P.S. Farley, R.G. Harris, R.J. Higginson, S.G.M. Howarth, D.W.H. Jones, J.I. Marshall, V.E. Smith, F. Taylor, A.C. Watts, P.A. Watts and A.M. Wintle (15)
- ABSTAINED: County Councillors G.L. Down and R.J.C. Hayward (2)

Upon being put to the vote, recommendations within the report were carried.

Council resolved that recommendations within the report were approved:

1. That Council approves (subject to Final Settlement from WG):
  - The 2016/17 revenue budget as attached in Appendix I
  - The 2016/17 to 2019/20 capital programme as attached in Appendix J1, including the revisions to the 21st century schools programme highlighted in paragraph 3.34.
  - A 3.95% increase in the Band "D" equivalent Council Tax for the County in 2016/17.



## **MONMOUTHSHIRE COUNTY COUNCIL**

### **Minutes of the meeting of County Council held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 21st January, 2016 at 2.00 pm**

2. That Council notes the necessary saving proposals and the release of £1.822 million from earmarked reserves to deliver the changes required and support the 2016/17 revenue and capital budget.
3. That Council notes the draft response to Welsh Government on the provisional settlement, and that the Final settlement is due to be published on 2nd March 2016.
4. That Council approves the disposal of assets identified in the exempt background paper at best value.
5. That Council considers the Responsible Financial Officers report on the robustness of the budget process and the adequacy of reserves issued under the provisions of the Local Government Act, 2003.
6. That Council adopts the Responsible Financial Officers report on Prudential Indicators.
7. That Council formally notes that the Schools based budgets are currently protected at cash flat line.
8. That Council notes that further work will be undertaken on the following:
  - Further work is undertaken to develop a balanced MTFP over the 3 year period 2017/18 to 2019/20
  - Regular review of the MTFP to ensure it remains up to date

#### **8.2. Council Tax Reduction Scheme**

Council were presented with the Council Tax Reduction Scheme, the purpose was to:

- present arrangements for the implementation of the Council Tax Reduction Scheme and to approve it for 2016/17
- affirm that, in the absence of any revisions or amendments, annual uprating amendments will be carried out each year without a requirement to adopt the whole Council Tax Reduction Scheme

On 22<sup>nd</sup> January 2015 Council adopted the Council Tax Reduction Scheme for 2015/16, in accordance with the Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013.

We resolved to agree recommendations:

1. To note the making of the Council Tax Reduction Scheme and Prescribed Requirements (Wales) Regulations ("the Prescribed Requirements Regulations") 2013 by the Welsh Government on 26 November 2013.
2. To adopt the provisions within the Regulations above ("the Prescribed Requirements Regulations") and any 'annual uprating regulations' in respect of its Scheme for the financial year 2016/17 including the discretionary elements previously approved as the Council's local scheme from 1<sup>st</sup> April 2016.

#### **9. Report of the Chief Officer Enterprise:**

##### **9.1. ICT in Schools - Update to the business case**

Council were presented with a report which updated on the ICT in schools business case and the number of schools signing up to the ongoing SLA agreement with the SRS.

## MONMOUTHSHIRE COUNTY COUNCIL

### Minutes of the meeting of County Council held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 21st January, 2016 at 2.00 pm

All members who were LEA appointed governors declared personal and non-prejudicial interests.

In presenting the report the Cabinet Member reiterated that Council had agreed investment in infrastructure in schools.

It was clarified that three schools had not signed up to the agreement, Goytre Fawr, Canfref and Llantilio Pertholey.

Members recognised that some schools did not want to agree to the service, particularly in relation to budget pressures.

We resolved to agree recommendations within the report:

That Council agree to continue with the phase 1 investment to upgrade ICT infrastructure in schools in the light of 3 schools declining to enter into the SLA agreement with the SRS.

#### **10. Report of the Head of Democracy and Regulatory Services:**

##### **10.1. Co-option of two members onto the Education Achievement Service (EAS) Audit Committee**

Council were presented with a report which agreed the appointment of two non-Executive Members on to the Education Achievement Service (EAS) Audit and Risk Assurance Committee.

It was proposed and duly seconded that the Chair and Vice Chair of the Children and Young People Select Committee were appointed.

We resolved to agree recommendations:

1. That the Council appoints two non-executive Members to represent the Council on the EAS Audit and Risk Assurance Committee. The EAS Audit and Risk Assurance Committee will ensure robust accountability for the governance, financial stability and strategic direction of the EAS.
2. That the two non-executive members appointed are Chair (Councillor P. Jones) and Vice-Chair (Councillor P. Farley) of Children and Young People Select Committee.

##### **10.2. Future Generations Act: Scrutiny Arrangements**

We received the Future Generations Act: Scrutiny Arrangements report which advised Members of the requirements of the Future Generations Act in relation to Local Authority scrutiny and provided guidance to Members on the establishment of fit for purpose scrutiny arrangements for Monmouthshire.

Council welcomed the report and recognised the benefit of scrutiny and support within the authority. Members particularly welcomed bespoke scrutiny arrangements to scrutinise the Public Service Board (PSB).

**MONMOUTHSHIRE COUNTY COUNCIL**

**Minutes of the meeting of County Council held  
at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 21st January, 2016 at 2.00 pm**

We resolved to agree recommendations within the report:

1. That the Council agrees to the proposal recommended in this report to establish a bespoke scrutiny arrangement to scrutinise the Public Service Board (PSB) in line with the Acts' requirement.

**11. Standing Advisory Council on Religious Education (SACRE) Annual Report 2014-15**

We received the Standing Advisory Council on Religious Education (SACRE) annual report 2014-15.

The Council received and noted the report.

**12. Members Questions**

There were no questions from members.

**The meeting ended at 5.40 pm**

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**ACTION LIST**  
**MEETING OF MONMOUTHSHIRE COUNTY COUNCIL**  
**21<sup>st</sup> JANUARY 2016**

<b>MINUTE NUMBER AND SUBJECT</b>	<b>ACTION TO BE TAKEN</b>	<b>TO BE ACTIONED BY</b>	<b>PROGRESS</b>
<p><b>PUBLIC QUESTION</b>            Mr Cullen Jones:</p> <p><i>'Bridges Community Centre recently applied for a leasehold Community Asset Transfer in accordance with the Asset Management Plan accepted by Cabinet on 5 November 2014. The transfer was refused by the Estates department and within the current plan there is no procedure for appeal. In light of this, would Councillor Murphy allow Bridges to present their case to the Strong Communities Select Committee so it can be reviewed by the democratically elected members?'</i></p>	<ul style="list-style-type: none"> <li>• Council agreed that Strong Communities would consider the issue, specifically scrutinise officer decision.</li> </ul>	<ul style="list-style-type: none"> <li>• Democratic Services / Scrutiny Manager</li> </ul>	<ul style="list-style-type: none"> <li>• Item to be considered by Strong Communities Committee 25<sup>th</sup> February 2016.</li> </ul>
<p><b>PETITIONS</b>            Councillor Batrouni presented a petition relating to Deri View</p>	<ul style="list-style-type: none"> <li>• Petition to be passed to appropriate officer</li> </ul>	<ul style="list-style-type: none"> <li>• CYP Directorate</li> </ul>	<ul style="list-style-type: none"> <li>• Officer confirmed receipt of petition and will be presented to relevant committee.</li> </ul>
<p><b>REVENUE &amp; CAPITAL BUDGET</b></p>	<ul style="list-style-type: none"> <li>• Information requested regarding how much had been 'written off' in terms of Council Tax payments.</li> <li>• Clarity required whether money available from Welsh Government for rural applications.</li> <li>• Further information was requested at the select</li> </ul>	<ul style="list-style-type: none"> <li>• Cabinet Member/S151 Officer to respond</li> </ul>	<ul style="list-style-type: none"> <li>• Email sent to members 22<sup>nd</sup> February 2016.</li> </ul>

	<p>committee regarding savings and reorganisation. £315k, further information was awaited.</p> <ul style="list-style-type: none"><li>• Further information was requested regarding the demographic breakdown of consultees during budget engagement. In response, council were informed that a lot of engagement was undertaken and responses were evaluated.</li></ul>		
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## REPORT

<b>SUBJECT:</b>	<b>COUNCIL TAX RESOLUTION 2016/17</b>
<b>DIRECTORATE:</b>	<b>Chief Executive's Unit</b>
<b>MEETING:</b>	<b>Council</b>
<b>DATE:</b>	<b>10th March 2016</b>
<b>DIVISION/WARDS AFFECTED:</b>	<b>All</b>

### 1. Purpose

- 1.1 The Council is bound by Statute to specific timescales for Council Tax setting and is also required to make certain defined resolutions. The recommendations that form the major part of this report are designed to comply with those Statutory Provisions.
- 1.2 The recommended resolutions also draw together the Council Tax implications of precepts notified by the Office of Police and Crime Commissioner for Gwent and Town and Community Councils, thereby enabling the County Council to establish its headline Council Tax levels at the various property bands within each Town or Community area.

### 2. Recommendations

- 2.1 It is recommended that the revenue estimates for the year 2016/17 as attached in Appendix 1 be approved. (Note that the summary approved by the Council at its meeting of 21<sup>st</sup> January 2016 has been adjusted for updates to the settlement notified by Welsh government since that meeting).
- 2.2 It is recommended it be noted that, at its meeting on 21<sup>st</sup> January 2016, Council calculated the amounts set out below for the year 2016/17 in accordance with sections 32 and 33 of the [Local Government Finance Act 1992](#) ("the Act").

For information, sections 32 and 33 of the 1992 Act have been extensively amended by Schedule 12 to the [Local Government \(Wales\) Act 1994](#). Both are further amended by the [Local Authorities \(Alteration of Requisite Calculations\) \(Wales\) Regulations 2002](#) (the "2002 regulations") and The Local Authorities (Alteration of Requisite Calculations) (Wales) Regulations 2013. Section 33 is further amended by the [Local Government Reorganisation \(Calculation of Basic Amount of Council Tax\) \(Wales\) Order 1996](#). All necessary legislative and statutory amendments have been taken into account in calculating the following amounts: -

- (a) 45,102.03 being the amount calculated by the Council, in accordance with Section 33 of the Act and The Regulations (as amended by Regulations 1999 no. 2935), as its Council Tax base for the year;

- (b) Part of the Council's Area, being the amounts calculated by the Council, in accordance with Section 34 of the Act, as the amounts of its Council Tax base for the year for dwellings in those parts of the area to which one or more special items relate:

Community	Council Tax Base for 2016/17	Community	Council Tax Base for 2016/17
Abergavenny	4,807.62	Llanhennock	286.33
Caerwent	1,097.15	Llanover	820.15
Caldicot	3,987.91	Llantillio Croesenny	457.18
Chepstow	5,445.06	Llantillio Pertholey	1,598.85
Crucorney	738.31	Llantrissant Fawr	263.38
Devauden	638.80	Magor with Undy	2,913.52
Goetre Fawr	1,183.34	Mathern	622.99
Grosmont	491.60	Mitchell Troy	739.60
Gwehelog Fawr	286.83	Monmouth	4,995.48
Llanarth	491.35	Portskewett	1,008.69
Llanbadoc	465.17	Raglan	1,070.78
Llanelly Hill	1,902.42	Rogiet	715.33
Llanfoist Fawr	1,866.14	Shirenewton	727.59
Llangattock Vibon Abel	675.35	St.Arvals	456.36
Llangwm	274.87	Tintern	502.87
Llangybi	535.21	Trellech	1,655.35
		Usk	1,380.45
		<b>Total</b>	<b>45,102.03</b>

It is recommended that Council resolves:

- 2.3 That the following amounts be now calculated by the Council for the year 2016/17 in accordance with Sections 32 to 36 of the Act and sections 47 and 49 of the [Local Government Finance Act 1988](#) (as amended):

- (a) £145,028,163 being the aggregate of the amounts the Council estimates for the items set out in Section 32(2) (a) to (d) of the Act less the aggregate of the amounts the Council estimates for the items set out in Section 32 (3) (a) and (c) of the Act calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year
- (b) £91,548,002 being the aggregate of the sums which the Council estimates will be payable for the year into its Council



fund in respect of redistributed non-domestic rates and revenue support grant in accordance with Section 33 (3)

- (c) £6,000 being the cost to the authority of discretionary non-domestic rate relief anticipated to be granted (under sections 47 and 49 of the [Local Government Finance Act 1988](#) , as amended)
- (d) £1,185.89 being the amount at 2.3(a) and 2.3(c) above less the amount at 2.3(b) above, all divided by the amount at 2.2(a) above, calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year
- (e) £2,149,634 being the aggregate amount of all special items referred to in Section 34 of the Act (Town and Community Precepts)
- (f) £1,138.23 being the amount at 2.3(d) above less the result given by dividing the amount at 2.3(e) above by the amount at 2.2(a) above calculated by the Council in accordance with Section 34(2) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of the area to which no special item relates.
- (g) Part of the Council's Area, being the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amounts at 2.2(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of the area to which one or more special items relate:

## Community Council

Precept  
Band D  
Equivalent  
£'s

Abergavenny  
Caerwent  
Caldicot  
Chepstow  
Crucorney  
Devauden  
Goetre Fawr  
Grosmont  
Gwehelog Fawr  
Llanarth  
Llanbadoc  
Llanelly Hill  
Llanfoist Fawr  
Llangattock Vibon Abel  
Llangwm  
Llangybi  
Llanhennock

58.26  
40.10  
73.96  
91.73  
12.87  
12.52  
24.08  
12.21  
15.69  
13.23  
29.09  
38.43  
34.83  
13.33  
16.37  
18.68  
16.90

## Community Council

Precept  
Band D  
Equivalent  
£'s

Llanover  
Llantillio Croesenny  
Llantillio Pertholey  
Llantrissant Fawr  
Magor with Undy  
Mathern  
Mitchell Troy  
Monmouth  
Portskewett  
Raglan  
Rogiet  
Shirenewton  
St.Arvens  
Tintern  
Trellech  
Usk

14.02  
11.81  
25.21  
17.09  
51.48  
25.81  
15.55  
47.46  
20.32  
32.50  
49.60  
27.11  
25.62  
34.80  
18.73  
102.18

- (h) The County Council Area, being the amounts given by multiplying the amount at 2.3(f) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band D calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

Council Tax Band	A	B	C	D	E	F	G	H	I
Proportion	6	7	8	9	11	13	15	18	21
Council Tax Charge	758.82	885.29	1011.76	1138.23	1391.17	1644.11	1897.05	2276.46	2655.87

- (i) Part of the Council's Area, being the amounts given by multiplying the amounts at 2.3(g) and 2.3(h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band D calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands: -

County Council plus Town/Community Council

	A	B	C	D	E	F	G	H	I
Abergavenny	797.66	930.60	1,063.55	1,196.49	1,462.38	1,728.26	1,994.15	2,392.98	2,791.81
Caerwent	785.55	916.48	1,047.40	1,178.33	1,440.18	1,702.03	1,963.88	2,356.66	2,749.44
Caldicot	808.13	942.81	1,077.50	1,212.19	1,481.57	1,750.94	2,020.32	2,424.38	2,828.44
Chepstow	819.97	956.64	1,093.30	1,229.96	1,503.28	1,776.61	2,049.93	2,459.92	2,869.91
Crucorney	767.40	895.30	1,023.20	1,151.10	1,406.90	1,662.70	1,918.50	2,302.20	2,685.90
Devauden	767.17	895.03	1,022.89	1,150.75	1,406.47	1,662.19	1,917.92	2,301.50	2,685.08
Goetre	774.87	904.02	1,033.16	1,162.31	1,420.60	1,678.89	1,937.18	2,324.62	2,712.06
Grosmont	766.96	894.79	1,022.61	1,150.44	1,406.09	1,661.75	1,917.40	2,300.88	2,684.36
Gwehelog	769.28	897.49	1,025.71	1,153.92	1,410.35	1,666.77	1,923.20	2,307.84	2,692.48
Llanarth	767.64	895.58	1,023.52	1,151.46	1,407.34	1,663.22	1,919.10	2,302.92	2,686.74
Llanbadock	778.21	907.92	1,037.62	1,167.32	1,426.72	1,686.13	1,945.53	2,334.64	2,723.75
Llanelly Hill	784.44	915.18	1,045.92	1,176.66	1,438.14	1,699.62	1,961.10	2,353.32	2,745.54
Llanfoist	782.04	912.38	1,042.72	1,173.06	1,433.74	1,694.42	1,955.10	2,346.12	2,737.14
Llangattock V A	767.71	895.66	1,023.61	1,151.56	1,407.46	1,663.36	1,919.27	2,303.12	2,686.97
Llangwm	769.73	898.02	1,026.31	1,154.60	1,411.18	1,667.76	1,924.33	2,309.20	2,694.07
Llangybi	771.27	899.82	1,028.36	1,156.91	1,414.00	1,671.09	1,928.18	2,313.82	2,699.46
Llanhennock	770.09	898.43	1,026.78	1,155.13	1,411.83	1,668.52	1,925.22	2,310.26	2,695.30
Llanover	768.17	896.19	1,024.22	1,152.25	1,408.31	1,664.36	1,920.42	2,304.50	2,688.58
Llantillio Croess	766.69	894.48	1,022.26	1,150.04	1,405.60	1,661.17	1,916.73	2,300.08	2,683.43
Llantillio Pertholey	775.63	904.90	1,034.17	1,163.44	1,421.98	1,680.52	1,939.07	2,326.88	2,714.69
Llantrissant	770.21	898.58	1,026.95	1,155.32	1,412.06	1,668.80	1,925.53	2,310.64	2,695.75
Magor with Undy	793.14	925.33	1,057.52	1,189.71	1,454.09	1,718.47	1,982.85	2,379.42	2,775.99
Mathern	776.03	905.36	1,034.70	1,164.04	1,422.72	1,681.39	1,940.07	2,328.08	2,716.09
Mitchell Troy	769.19	897.38	1,025.58	1,153.78	1,410.18	1,666.57	1,922.97	2,307.56	2,692.15
Monmouth	790.46	922.20	1,053.95	1,185.69	1,449.18	1,712.66	1,976.15	2,371.38	2,766.61
Portskewett	772.37	901.09	1,029.82	1,158.55	1,416.01	1,673.46	1,930.92	2,317.10	2,703.28
Raglan	780.49	910.57	1,040.65	1,170.73	1,430.89	1,691.05	1,951.22	2,341.46	2,731.70
Rogiet	791.89	923.87	1,055.85	1,187.83	1,451.79	1,715.75	1,979.72	2,375.66	2,771.60
Shirenewton	776.89	906.38	1,035.86	1,165.34	1,424.30	1,683.27	1,942.23	2,330.68	2,719.13
St. Arvans	775.90	905.22	1,034.53	1,163.85	1,422.48	1,681.12	1,939.75	2,327.70	2,715.65
Tintern	782.02	912.36	1,042.69	1,173.03	1,433.70	1,694.38	1,955.05	2,346.06	2,737.07
Trelech	771.31	899.86	1,028.41	1,156.96	1,414.06	1,671.16	1,928.27	2,313.92	2,699.57
Usk	826.94	964.76	1,102.59	1,240.41	1,516.06	1,791.70	2,067.35	2,480.82	2,894.29

2.4 That it be noted for the year 2016/17 that the Office of Police and Crime Commissioner for Gwent has notified the following amounts in precepts issued to the Council, in accordance with Section 40 of the Act, for each of the dwellings shown above: -

<b>Council Tax Band</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>I</b>
Proportion	6	7	8	9	11	13	15	18	21
Council Tax Charge	146.71	171.16	195.61	220.06	268.96	317.86	366.77	440.12	513.47

2.5 That, having calculated the aggregate in each case of the amounts at 2.3(i) and 2.4 above, the Council, in accordance with Section 30(2) of the Act, hereby sets the following amounts as the amounts of Council Tax for the year 2016/17 for each of the categories of dwellings shown below: -

**County Council plus Town/Community Council plus Police and Crime Commissioner**

	A	B	C	D	E	F	G	H	I
Abergavenny	944.37	1,101.76	1,259.16	1,416.55	1,731.34	2,046.12	2,360.92	2,833.10	3,305.28
Caerwent	932.26	1,087.64	1,243.01	1,398.39	1,709.14	2,019.89	2,330.65	2,796.78	3,262.91
Caldicot	954.84	1,113.97	1,273.11	1,432.25	1,750.53	2,068.80	2,387.09	2,864.50	3,341.91
Chepstow	966.68	1,127.80	1,288.91	1,450.02	1,772.24	2,094.47	2,416.70	2,900.04	3,383.38
Crucorney	914.11	1,066.46	1,218.81	1,371.16	1,675.86	1,980.56	2,285.27	2,742.32	3,199.37
Devauden	913.88	1,066.19	1,218.50	1,370.81	1,675.43	1,980.05	2,284.69	2,741.62	3,198.55
Goetre	921.58	1,075.18	1,228.77	1,382.37	1,689.56	1,996.75	2,303.95	2,764.74	3,225.53
Grosmont	913.67	1,065.95	1,218.22	1,370.50	1,675.05	1,979.61	2,284.17	2,741.00	3,197.83
Gwehelog	915.99	1,068.65	1,221.32	1,373.98	1,679.31	1,984.63	2,289.97	2,747.96	3,205.95
Llanarth	914.35	1,066.74	1,219.13	1,371.52	1,676.30	1,981.08	2,285.87	2,743.04	3,200.21
Llanbadock	924.92	1,079.08	1,233.23	1,387.38	1,695.68	2,003.99	2,312.30	2,774.76	3,237.22
Llanelly Hill	931.15	1,086.34	1,241.53	1,396.72	1,707.10	2,017.48	2,327.87	2,793.44	3,259.01
Llanfoist	928.75	1,083.54	1,238.33	1,393.12	1,702.70	2,012.28	2,321.87	2,786.24	3,250.61
Llangattock V A	914.42	1,066.82	1,219.22	1,371.62	1,676.42	1,981.22	2,286.04	2,743.24	3,200.44
Llangwm	916.44	1,069.18	1,221.92	1,374.66	1,680.14	1,985.62	2,291.10	2,749.32	3,207.54
Llangybi	917.98	1,070.98	1,223.97	1,376.97	1,682.96	1,988.95	2,294.95	2,753.94	3,212.93
Llanhennock	916.80	1,069.59	1,222.39	1,375.19	1,680.79	1,986.38	2,291.99	2,750.38	3,208.77
Llanover	914.88	1,067.35	1,219.83	1,372.31	1,677.27	1,982.22	2,287.19	2,744.62	3,202.05
Llantillio Croess	913.40	1,065.64	1,217.87	1,370.10	1,674.56	1,979.03	2,283.50	2,740.20	3,196.90
Llantillio Pertholey	922.34	1,076.06	1,229.78	1,383.50	1,690.94	1,998.38	2,305.84	2,767.00	3,228.16
Llantrissant	916.92	1,069.74	1,222.56	1,375.38	1,681.02	1,986.66	2,292.30	2,750.76	3,209.22
Magor with Undy	939.85	1,096.49	1,253.13	1,409.77	1,723.05	2,036.33	2,349.62	2,819.54	3,289.46
Mathern	922.74	1,076.52	1,230.31	1,384.10	1,691.68	1,999.25	2,306.84	2,768.20	3,229.56
Mitchell Troy	915.90	1,068.54	1,221.19	1,373.84	1,679.14	1,984.43	2,289.74	2,747.68	3,205.62
Monmouth	937.17	1,093.36	1,249.56	1,405.75	1,718.14	2,030.52	2,342.92	2,811.50	3,280.08
Portskewett	919.08	1,072.25	1,225.43	1,378.61	1,684.97	1,991.32	2,297.69	2,757.22	3,216.75
Raglan	927.20	1,081.73	1,236.26	1,390.79	1,699.85	2,008.91	2,317.99	2,781.58	3,245.17
Rogiet	938.60	1,095.03	1,251.46	1,407.89	1,720.75	2,033.61	2,346.49	2,815.78	3,285.07
Shirenewton	923.60	1,077.54	1,231.47	1,385.40	1,693.26	2,001.13	2,309.00	2,770.80	3,232.60
St. Arvans	922.61	1,076.38	1,230.14	1,383.91	1,691.44	1,998.98	2,306.52	2,767.82	3,229.12
Tintern	928.73	1,083.52	1,238.30	1,393.09	1,702.66	2,012.24	2,321.82	2,786.18	3,250.54
Trelech	918.02	1,071.02	1,224.02	1,377.02	1,683.02	1,989.02	2,295.04	2,754.04	3,213.04
Usk	973.65	1,135.92	1,298.20	1,460.47	1,785.02	2,109.56	2,434.12	2,920.94	3,407.76

- 2.6 That Mrs J. Robson, Mr M. Howcroft, Miss R. Donovan, Mrs. S. Deacy, Mrs. W. Woods and Mrs. S. Knight be authorised under Section 223 of the Local Government Act 1972 to prosecute and appear on behalf of Monmouthshire County Council in proceedings before a Magistrates Court for the purpose of applying for Liability Orders in respect of Council Tax and Non-Domestic Rates.

### **3. KEY ISSUES**

- 3.1 Since the Council considered and approved the budget at Council on the 21<sup>st</sup> January 2016, the Minister has responded to the proposal submitted by Local Government to introduce a Rural Stabilisation Grant for the Authorities that received the greatest reduction in funding from Welsh Government. The result is that Monmouthshire has received an additional £109k in funding for 2016/17. In addition, the authority's Single Environment Grant has been notified indicating a 3.5% reduction in the grant, instead of the 6.4% reduction expected and thereby reducing the pressure in the waste budget by circa £70k. The report to Council indicated that if the final funding figures from WG improve, it is recommended that the redundancy budget be funded within the base budget as far as possible. Therefore the summary revenue budget contained in Appendix 1 has been amended to reflect the above adjustments and is represented for approval. It is not expected that there will be any further changes when the Final Settlement is notified on the 2<sup>nd</sup> March 2016.

- 3.2 Statute requires that Council makes appropriate recommendations to prescribed timescales for setting the Council Tax payable for the coming financial year. The Council must also account for precepts made upon it by the Office of Police and Crime Commissioner for Gwent and by Town and Community Councils. Recommendation 2.5 discharges these obligations.

- 3.3 The Council is also required to authorise officers to undertake advance recovery action through the Courts where necessary. The authorising recommendation appears at 2.6 above.

### **4. REASONS**

- 4.1 To approve the summary revenue budget for 2016/17.
- 4.2 To set the Council Tax for the 2016/17 financial year.
- 4.3 To discharge the Responsible Financial Officer's responsibilities under the Local Government Act 2003.

### **5. RESOURCE IMPLICATIONS:**

As identified in the report.

**6. SUSTAINABLE DEVELOPMENT AND EQUALITY IMPLICATIONS:**

The equality and sustainability considerations on the budget proposals have been identified throughout the budget process and were taken into account by Council when approving the budget on 21<sup>st</sup> January 2016. The relevant information is contained in the papers for the Final Budget proposals for the 2016/17 Revenue and Capital Budget.

**7. SAFEGUARDING AND CORPORATE PARENTING IMPLICATIONS**

There are no safeguarding and corporate parenting implications associated with this report.

**8. CONSULTEES:**

This report arises from Councils approval of the 2016/17 budget proposals and contains the statutory decisions in relation to setting council tax for 2016/17. The budget has undergone considerable consultation to arrive at the recommendations today.

**9. BACKGROUND PAPERS:**

Revenue and Capital Budget 2016/17- Final proposals following public consultation: Council 21<sup>st</sup> January 2016

**AUTHORS:**

Joy Robson – Head of Finance

Ruth Donovan – Assistant Head of Finance: Revenues, Systems & Exchequer

**11. CONTACT DETAILS:**

[joyrobson@monmouthshire.gov.uk](mailto:joyrobson@monmouthshire.gov.uk)

01633 644270

[ruthdonovan@monmouthshire.gov.uk](mailto:ruthdonovan@monmouthshire.gov.uk)

01633 644592

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**Appendix I - Revenue Budget Summary 2016/17**

	October & December 2016 Cabinet proposals					Final Settlement Changes		Full Cost MTFP Base Budget Adjustments	January 2016 Cabinet and Final budget recommendations to Council					
	Indicative Base Budget 2016/17	Proposed savings	Identified Pressures	Council Tax Income	Proposed Budget 2016/17	Adjustment to AEF	Settlement pressures / adjustments		Changes to Pressures	Changes to Savings	Further Efficiency Savings	Final amendments	WG Changes subsequent to January Council	Final budget recommended
<b>Net Expenditure Budgets</b>														
Children and Young People	50,900	-490	55	0	50,465	0	0	116	0	0	-110			50,471
Social Care and Health	37,374	-640	2,896	0	39,630	0	0	587	-200	0	0			40,017
Enterprise	8,697	-1,309	333	0	7,721	0	0	391	0	484	0			8,596
Operations	15,983	-1,000	2,012	0	16,995	0	0	440	-110	0	0		-70	17,255
Chief Executive's unit	7,198	-569	180	0	6,809	0	0	-74	75	0	0			6,810
Corporate Costs & Levies	19,715	-222	1	0	19,494	0	0	-704	452	197	0		-13	19,426
<b>Sub Total</b>	<b>139,867</b>	<b>-4,230</b>	<b>5,477</b>	<b>0</b>	<b>141,114</b>	<b>0</b>	<b>0</b>	<b>756</b>	<b>217</b>	<b>681</b>	<b>-110</b>	<b>-13</b>	<b>-70</b>	<b>142,575</b>
Appropriations	9,472	-2,136	100	0	7,436	0	0	-645	0	0	0			6,791
Contributions to Earmarked reserves	127	0	0	0	127	0	0	-24	0	0	0			103
Contributions from Earmarked reserves	-488	0	0	0	-488	0	0	-410	0	0	0	-420	179	-1,139
<b>Total Net Proposed Budget</b>	<b>148,978</b>	<b>-6,366</b>	<b>5,577</b>	<b>0</b>	<b>148,189</b>	<b>0</b>	<b>0</b>	<b>-323</b>	<b>217</b>	<b>681</b>	<b>-110</b>	<b>-433</b>	<b>109</b>	<b>148,330</b>

**Funding Budgets**

Aggregate External Financing (AEF)	-90,356	0	0	0	-90,356	-1,083	0	0	0	0	0		-109	-91,548
Council Tax (MCC)	-44,909	0	0	-600	-45,509	0	0	-2	0	0	433			-45,078
Council Tax (Gwent Police)	-9,836	0	0	0	-9,836	0	0	0	0	0	0			-9,836
Council Tax (Community Councils)	-1,870	0	0	0	-1,870	0	0	0	0	0	0			-1,870
														0
<b>Total Funding</b>	<b>-146,971</b>	<b>0</b>	<b>0</b>	<b>-600</b>	<b>-147,571</b>	<b>-1,083</b>	<b>0</b>	<b>-2</b>	<b>0</b>	<b>0</b>	<b>433</b>	<b>-109</b>	<b>-148,332</b>	
<b>Headroom/-shortfall</b>	<b>2,007</b>	<b>-6,366</b>	<b>5,577</b>	<b>-600</b>	<b>618</b>	<b>-1,083</b>	<b>0</b>	<b>-325</b>	<b>217</b>	<b>681</b>	<b>-110</b>	<b>0</b>	<b>0</b>	<b>-2</b>

	Council Tax 2015/16	2016/17 tax base	Council Tax 2016/17	%age increase
Council tax recommendations	1,094.98	45,102	1,138.23	3.95%

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REPORT

**SUBJECT:** Treasury Management Policy Statement & Strategy Statement, MRP Policy Statement and Investment Strategy 2016/17

**DIRECTORATE:** Chief Executive's Unit

**MEETING:** Council

**DATE:** 10<sup>th</sup> March 2016

**DIVISION/WARDS AFFECTED:** Countywide

**1. PURPOSE:**

- 1.1 This proposed Strategy and Policy has been considered by Audit Committee 3<sup>rd</sup> March 2016, and no adverse comments received.
- 1.2 To adopt the annual Treasury Management Policy Statement and the Treasury Management Strategy Statement including the Investment and Borrowing Strategies for 2016/17 to 2019/20 and the Minimum Revenue Provision (MRP) Statement for 2016/17 at Annex C.

**2. RECOMMENDATIONS:**

- 2.1 It is recommended that the proposed Treasury Management Policy Statement for 2016/17 (Appendix 2) and proposed Treasury Management Strategy and Investment & Borrowing Strategies 2016/17 to 2019/20 (Appendix 1), including the Minimum Revenue Provision (MRP) Statement for 2016/17 at Annex C, be approved together with the Treasury Limits as required by section 3 of the Local Government Act 2003.

### 3. KEY ISSUES:

#### **Treasury Management Policy Statement and Treasury Management and Annual Investment & Borrowing Strategy**

- 3.1 Treasury Management is defined as “The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks”.
- 3.2 The Authority pays due regard to CIPFA’s Code of Practice for Treasury Management in the Public Services (the “Code”) and accompanying Guidance Notes (as revised in 2011) and the Prudential Code for Capital Finance in Local Authorities (as revised in 2011). The Prudential Code for Capital finance in local authorities outlines requirements for the manner in which capital spending plans are to be considered and approved, and in conjunction with this, the development of an integrated treasury management strategy.
- 3.3 The Prudential Code further requires the Council to set a number of Prudential and Treasury Management indicators. These indicators were submitted with the capital budget proposals that were approved by Council at its meeting dated 21<sup>st</sup> January 2016.
- 3.4 The Council also has regard to the WG Guidance on Local Government Investments. This guidance requires the production of an Investment Strategy in addition to a Treasury Management Strategy, and allows Councils to combine these two strategies into one document. Pages 6-11, Appendix 1 contains the Councils proposed investment strategy. With regards to investments the Codes and Guidance emphasise an appropriate approach to risk management, particularly in relation to the security and liquidity of invested funds. Authorities are required to demonstrate value for money when borrowing in advance of need and ensure the security of such funds.
- 3.5 The Code requires that Council approve annually a Treasury Management Policy Statement and a Treasury Management Strategy Statement and Investment Strategy. The Council also has regard to the revised Welsh Government (WG) guidance on Local Government Investments issued in April 2010.
- 3.6 Furthermore, as a minimum, the Code requires that the Authority formally report on their treasury activities and arrangements at the mid-year point and after the year-end. Audit Committee is identified as being the committee responsible for reviewing update reports on the treasury function, given its overarching role in assessing the risk management arrangements for the Authority.
- 3.7 The Council delegates responsibility for the execution and administration of treasury management decisions to the Head of Finance (S151 officer) who will act in accordance with the Treasury Management policy statement (appendix 2) and treasury management practices and CIPFA’s Standard of Professional Practice on Treasury Management.

- 3.8 The Council's contract with Arlingclose as Treasury Management advisors comes to an end on the 31<sup>st</sup> March 2016. This contract is currently being retendered for 2016-2020 with an option to extend for a further 2 years. Responses are due by the 19<sup>th</sup> February, with a view to appointing the successful applicant by the 31<sup>st</sup> March 2016. The Council is clear as to the services it expects and requires to be provided under the new contract. The service provision is comprehensively documented.
- 3.9 The Council is also clear that overall responsibility for treasury management remains with the Council.

### **Annual Minimum Revenue Provision Policy Statement**

- 3.10 The annual Minimum Revenue Provision is the mechanism used for spreading the capital expenditure financed by borrowing over the years to which benefit is provided. Regulations state that the authority must calculate for the current financial year an amount of minimum revenue provision which it considers to be prudent. In addition there is the requirement for an Annual Minimum Revenue Provision Policy Statement to be drafted and submitted to full Council.
- 3.11 Authorities are permitted discretion in terms of the charge levied, albeit within certain parameters. A "prudent" period of time for debt repayment is defined as being one which reflects the period over which the associated capital expenditure provides benefits. Annex C of the attached Treasury Management Strategy and Investment Strategy (Appendix 1) incorporates the Council's Statement in this regard.
- 3.12 During 2015/16 a substantial exercise has been carried out with Arlingclose, the Authority's treasury advisors. This has been undertaken to establish whether changes should be made to the current practice of providing MRP payments. The majority of MRP payments relating to unsupported borrowing, were previously made and budgeted on the basis of equal annual installments. A conclusion has been reached and agreed by Council on the 17<sup>th</sup> December 2015, that these payments could have prudently been spread using an annuity principal. The annuity method tends to evidence a trend of smaller payments in early years and larger payments in later years and has the advantage of linking MRP to the flow of benefits from an asset where the benefits are expected to increase in later years. An annuity can be structured to pay out funds for a fixed amount of time so like straight line this approach is designed to pay off a liability in a set period. Cipfa's Guidance states '*the informal commentary on the statutory guidance suggests that the annuity method may be particularly attractive in projects where revenues will increase over time. However, it is arguably the case that the annuity method provides a fairer charge than equal instalments as it takes account of the time value of money, whereby paying £100 in 10 years' time is less of a burden than paying £100 now. The schedule of charges produced by the annuity method thus results in a consistent charge over an asset's life, taking into account the real value of the amounts when they fall due. The annuity method would then be a prudent basis for providing for assets that provided a steady flow of benefits over their useful life*'. By applying this amendment to MRP payments made from 2006/07 to 2015/2016, a

reduction in MRP payable in 2016/17 of £2,136,000 materialises. No compromising issues have been raised specifically in relation to this change by external audit and it has been included in the approved 2016/17 budget.

- 3.13 Work progresses to review the Minimum revenue provision calculation associated with Supported Borrowing considerations, reflecting upon recent guidance provided by WAO colleagues. This will be subject to a separate paper in due course.

### **Changes influencing proposed amendments to the strategy**

- 3.14 Bail-in legislation, which ensures that large unsecured investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the UK, USA and Germany. The rest of the European Union will follow suit in January 2016, while Australia, Canada and Switzerland are well advanced with their own plans. Meanwhile, changes to the UK Financial Services Compensation Scheme and similar European schemes in July 2015 mean that most private sector investors are now partially or fully exempt from contributing to a bail-in. The credit risk associated with Local Authorities making unsecured bank deposits has therefore increased since early 2015.

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- 3.15 These changes have resulted in the loss of Government support for failing banks and have therefore affected the ratings given to these banks by the ratings agencies. Alongside the effects of bail in however, many banks have strengthened their own core capital position and are therefore less likely to fail. Thirdly, the Ratings agencies, Fitch, Moody's and Standard and Poors have adapted their rating methodologies to give an uplift to institutions which have other factors such as parent companies which could assist them with the absorbency of losses either externally or from within.
- 3.16 As a result of these changes the number of counterparties with a rating of A- or higher which the Authority can invest with is similar to 2015/16. It is recognized however that it is not prudent to invest large sums of money with any one counterparty so that the effect of any one bail in will be relatively small. Due to the expectation that we will maximize internal borrowing and our investment balances will therefore remain low, this is not expected to be an issue, but in order to be prudent and to encourage diversification across a larger number of counterparties, an absolute limit of £2m per counterparty has been set for unsecured investments with banks and building societies whose rating is A- or above. This approximates to 12.5% of the Authority's revenue reserves which is considered prudent. This category represents the majority of our investments. Other limits have been set (see Appendix 1) for other types of investments.
- 3.17 The Authority's current account provider is Barclays bank. At the time of writing, Barclays currently has a minimum rating of (A-). An additional limit of £1m has been set to allow for the total of overnight credit balances held in the Authority's current accounts even if the bank's rating should fall to (BBB) or it should be put on credit watch negative. This is to allow for the total of all credit

balances as the Authority does not have the right to a legal offset of its current account balances. The total of all positive and negative account balances are reduced to a practical minimum level at the end of each day.

## **5. REASONS:**

- 5.1 The Authority is required to produce a Treasury Management Policy and a Treasury Management and Annual Investment Strategy in order to comply with the Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code").
- 5.2 The Authority is required to produce an MRP Policy Statement in order to comply with the Local Authorities (Capital Finance and Accounting) (Wales) Regulations, last amended in 2009.

## **6. RESOURCE IMPLICATIONS:**

- 6.1 There are no resource implications directly arising from this report. The medium-term treasury budgets contained within the 2016-2017 revenue budget proposals presented to Council on 21<sup>st</sup> January 2016, were constructed in accordance with the strategy documents appended to this report.
- 6.2 There are however some key future financial risks on medium-term treasury budgets concerning:
  - The number of significant capital receipts in the existing medium-term forecasts, and on which the authority's internal borrowing strategy and budgets are based. There will be an adverse financial impact in the event that such receipts do not materialise or are significantly delayed.
  - The strategy states the Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. It presents the option of taking advantage of currently low short-term interest rates possibly at the expense of increasing future borrowing costs. This balance will be monitored regularly in order to decide whether to borrow additional sums at long-term fixed rates in 2016/17 or later with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
  - It should be noted that as a result of the expenditure plans of the Authority and the forecasts for interest rates in the future, that borrowing costs are expected to rise in the medium/long term.

## **7. EQUALITY IMPACT ASSESSMENT:**

There is no equality impact arising directly from this report.

**8. SUSTAINABLE DEVELOPMENT IMPLICATIONS:**

None



**9. BACKGROUND PAPERS:**

Appendix 1 – Treasury Management Strategy Statement & Investment Strategy 2016/17 (including MRP policy statement)

Appendix 2 – Treasury Management Policy Statement 2016/17

Appendix 3 – Prudential Indicators (Previously Distributed with Revenue and Capital budget proposals, Council 21<sup>st</sup> Jan 16)

**10. AUTHORS:**

Joy Robson            Head of Finance (S151 Officer)

Mark Howcroft        Assistant Head of Finance (Deputy S151 Officer)

**11. CONTACT DETAILS:**

Tel: (01633) 644270

Email: [joyrobson@monmouthshire.gov.uk](mailto:joyrobson@monmouthshire.gov.uk)

Tel: (01633) 644740

Email: [markhowcroft@monmouthshire.gov.uk](mailto:markhowcroft@monmouthshire.gov.uk)

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<p><b>Name of the Officer</b> completing the evaluation Mark Howcroft</p> <p><b>Phone no:</b>01633 644740 <b>E-mail:</b>markhowcroft@monmouthshire.gov.uk</p>	<p><b>Please give a brief description of the aims of the proposal</b></p> <p><b>To provide a Treasury Management Policy and Strategy Statement for forthcoming year</b></p>
<p><b>Name of Service Chief Executives Business Support</b></p>	<p><b>Date Future Generations Evaluation form completed</b> 22/2/16</p>





**1. Does your proposal deliver any of the well-being goals below?** Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal.


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Well Being Goal	How does the proposal contribute to this goal? (positive and negative)	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<p><b>A prosperous Wales</b> Efficient use of resources, skilled, educated people, generates wealth, provides jobs</p>	<p>The 2016-17 Strategy reflects an anticipation of future money market trends to safeguard resources for future and avoid direct front line consequences to services.</p>	
<p><b>A resilient Wales</b> Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)</p>	<p>N/A</p>	
<p><b>A healthier Wales</b> People's physical and mental wellbeing is maximized and health impacts are understood</p>	<p>N/A</p>	

Well Being Goal	How does the proposal contribute to this goal? (positive and negative)	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected	The viability aspect is considered in the efficient use of resources above	
<b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	N/A	
<b>A Wales of vibrant culture and thriving Welsh language</b> Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	N/A	
<b>A more equal Wales</b> People can fulfil their potential no matter what their background or circumstances	<i>This includes the protected characteristics of age, disability, gender reassignment, race, religion or beliefs, gender, sexual orientation, marriage or civil partnership</i>	

2. How has your proposal embedded and prioritised the sustainable governance principles in its development?

Sustainable Development Principle	How does your proposal demonstrate you have met this principle?	What has been done to better to meet this principle?
 <p>Long-term Balancing short term need with long term and planning for the future</p>	<p>MRP proposals provides a positive cashflow effect until 2027-28 after which the cashflows effect becomes negative against the present straight line approach. The existing approach ignores the time value of money and could be viewed as disproportionately affecting current tax payers. The revised proposal provides a payment approach that avoids that inequality. The 2016-17 Strategy reflects an anticipation of future money market trends to safeguard resources for future and avoid direct front line consequences to services.</p>	
 <p>Collaboration Working together with other partners to deliver objectives</p>	<p>N/A</p>	
 <p>Involvement Involving those with an interest and seeking their views</p>	<p>N/A</p>	
 <p>Prevention Putting resources into preventing problems occurring or getting worse</p>	<p>N/A</p>	

Sustainable Development Principle	How does your proposal demonstrate you have met this principle?	What has been done to better to meet this principle?
 <p data-bbox="324 215 515 438">Positively impacting on people, economy and environment and trying to benefit all three</p>	<p data-bbox="548 215 1310 343"><i>There is space to describe impacts on people, economy and environment under the Wellbeing Goals above, so instead focus here on how you will better integrate them and balance any competing impacts</i></p>	

3. **Are your proposals going to affect any people or groups of people with protected characteristics?** Please explain the impact, the evidence you have used and any action you are taking below.

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Age	The proposal does not seek to treat any individual with a protected characteristic any differently. The consequence of the proposal in managing cashflows prudently is designed to safeguard resources to avoid a direct front line consequence to services.		
Disability	As above		
Gender reassignment	As above		
Marriage or civil partnership	As above		
Race	As above		
Religion or Belief	As above		
Sex	As above		
Sexual Orientation	As above		
Welsh Language	As above.		

4. Council has agreed the need to consider the impact its decisions has on important responsibilities of Corporate Parenting and safeguarding. Are your proposals going to affect either of these responsibilities? For more information please see the guidance <http://hub/corporatedocs/Democratic%20Services/Safeguarding%20Guidance.docx> and for more on Monmouthshire's Corporate Parenting Strategy see <http://hub/corporatedocs/SitePages/Corporate%20Parenting%20Strategy.aspx>

	<b>Describe any positive impacts your proposal has on safeguarding and corporate parenting</b>	<b>Describe any negative impacts your proposal has on safeguarding and corporate parenting</b>	<b>What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?</b>
Safeguarding	The proposal does not seek to treat any individual with a safeguarding aspect differently. It does not have a direct front line service aspect to it. The consequence of the proposal involves recommending a prudent borrowing and investment framework for the forthcoming year, designed to safeguard overall resources of the Council.		
Corporate Parenting	The proposal does not seek to treat any individual with a safeguarding aspect differently. It does not have a direct front line service aspect to it. The consequence of the proposal involves recommending a prudent borrowing and investment framework for the forthcoming year, designed to safeguard overall resources of the Council.		

5. What evidence and data has informed the development of your proposal?

- |  |
|--|
| <ul style="list-style-type: none"> <li>• Performance indicator activity data</li> <li>• Regard for capital financing regulations</li> <li>• Services of Treasury advisers</li> <li>• Feedback for WAO</li> </ul> |
|--|



**6. SUMMARY: As a result of completing this form, what are the main positive and negative impacts of your proposal, how have they informed/changed the development of the proposal so far and what will you be doing in future?**

The policy has a predominantly neutral effect in the delivery of services for 2016-17. The MRP changes introduced in respect of option 3 have been subject to a separately approved report change but did introduce a positive cashflow up to and including 2027-28 with a complementary negative cashflow thereafter. The change in approach better reflects the time value of money and avoids current tax payers contributing disproportionately to the repayment of debt..

**7. Actions. As a result of completing this form are there any further actions you will be undertaking? Please detail them below, if applicable.**

What are you going to do	When are you going to do it?	Who is responsible	Progress
None			

**8. Monitoring: The impacts of this proposal will need to be monitored and reviewed. Please specify the date at which you will evaluate the impact, and where you will report the results of the review.**

The impacts of this proposal will be evaluated at:	Audit Committee (March 16) as a prelude to full Council endorsement later same month
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# Appendix 1 - Treasury Management Strategy Statement & Investment Strategy 2016/17 (including MRP policy Statement)

## Introduction

In March 2005 the Authority originally adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services Code. The Code of Practice 2011 Edition* (the CIPFA Code) requires the Authority to approve a treasury management strategy before the start of each financial year.

In addition, the Welsh Government (WG) issued revised *Guidance on Local Authority Investments* in March 2010 that requires the Authority to approve an investment strategy before the start of each financial year.

This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the WG Guidance.

The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy.

## External Context

**Economic background:** Domestic demand has grown robustly, supported by sustained real income growth and a gradual decline in private sector savings. Low oil and commodity prices were a notable feature of 2015, and contributed to annual CPI inflation falling to 0.1% in October. Wages are growing at 3% a year, and the unemployment rate has dropped to 5.4%. Mortgage approvals have risen to over 70,000 a month and annual house price growth is around 3.5%. These factors have boosted consumer confidence, helping to underpin retail spending and hence GDP growth, which was an encouraging 2.3% a year in the third quarter of 2015. Although speeches by the Bank of England's Monetary Policy Committee (MPC) members sent signals that some were willing to countenance higher interest rates, the MPC held policy rates at 0.5% for the 81st consecutive month at its meeting in November 2015. Quantitative easing (QE) has been maintained at £375bn since July 2012.

The outcome of the UK general election, which was largely fought over the parties' approach to dealing with the deficit in the public finances, saw some big shifts in the political landscape and put the key issue of the UK's relationship with the EU at the heart of future politics. Uncertainty over the outcome of the forthcoming referendum could put downward pressure on UK GDP growth and interest rates.

China's growth has slowed and its economy is performing below expectations, reducing global demand for commodities and contributing to emerging market weakness. US domestic growth has accelerated but the globally sensitive sectors of the US economy have slowed. Strong US labour market data and other economic indicators however suggest recent global turbulence has not knocked the American recovery off course. The Federal Reserve raised its policy rates by 0.25% at its meeting in December 2015. In contrast, the European Central Bank finally embarked on QE in 2015 to counter the perils of deflation.

**Credit outlook:** The varying fortunes of different parts of the global economy are reflected in market indicators of credit risk. UK Banks operating in the Far East and parts of mainland Europe have seen their perceived risk increase, while those with a more domestic focus continue to show improvement. The sale of most of the government's stake in Lloyds and the first sale of its shares in RBS have generally been seen as credit positive.

Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the UK, USA and Germany. The rest of the European Union will follow suit in January 2016, while Australia, Canada and Switzerland are well advanced with their own plans. Meanwhile, changes to the UK Financial Services Compensation Scheme and similar European schemes in July 2015 mean that most private sector investors are now partially or fully exempt from contributing to a bail-in. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Authority; returns from cash deposits however remain stubbornly low.

**Interest rate forecast:** The Authority's treasury advisor Arlingclose projects the first 0.25% increase in UK Bank Rate in the third quarter of 2016, rising by 0.5% a year thereafter, finally settling between 2% and 3% in several years' time. Persistently low inflation, subdued global growth and potential concerns over the UK's position in Europe mean that the risks to this forecast are weighted towards the downside.

A shallow upward path for medium term gilt yields is forecast, as continuing concerns about the Eurozone, emerging markets and other geo-political events weigh on risk appetite, while inflation expectations remain subdued. Arlingclose projects the 10 year gilt yield to rise from its current 2.0% level by around 0.3% a year. The uncertainties surrounding the timing of UK and US interest rate rises are likely to prompt short-term volatility in gilt yields.

A more detailed economic and interest rate forecast provided by Arlingclose is attached at **Annex A**.

For the purpose of setting the budget, it has been assumed that new investments will be made at an average rate of 0.5%, (due to low expected investment balances), and that new long-term loans will be borrowed at an average rate of 3.5%.

### Local Context

At the 31<sup>st</sup> December 2015, the Authority had £95.0m of borrowing and £13.1m of investments. This is set out in further detail at **Annex B**. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance Sheet Summary and Forecast

	31.3.15 Actual £m	31.3.16 Estimate £m	31.3.17 Forecast £m	31.3.18 Forecast £m	31.3.19 Forecast £m	31.3.20 Forecast £m
General Fund CFR	122.9	113.3	124.8	121.1	118.0	116.0
Less: Other debt liabilities *	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2
<b>Borrowing CFR</b>	<b>121.7</b>	<b>112.1</b>	<b>123.6</b>	<b>119.9</b>	<b>115.8</b>	<b>114.8</b>
Less: External borrowing **	-99.3	-92.6	-63.6	-60.5	-59.6	-57.8
<b>Internal (over) borrowing</b>	<b>22.4</b>	<b>19.5</b>	<b>60.0</b>	<b>59.4</b>	<b>56.2</b>	<b>57.0</b>

Less: Usable reserves	-36.6	-22.3	-31.7	-20.0	-17.4	-16.9
<b>(Investments) or New borrowing</b>	<b>-14.2</b>	<b>-2.8</b>	<b>28.3</b>	<b>39.4</b>	<b>38.8</b>	<b>40.1</b>

\* finance leases, PFI liabilities and transferred debt that form part of the Authority's total debt

\*\* shows only loans to which the Authority is committed and excludes optional refinancing

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing, subject to holding a minimum investment balance of £5m.

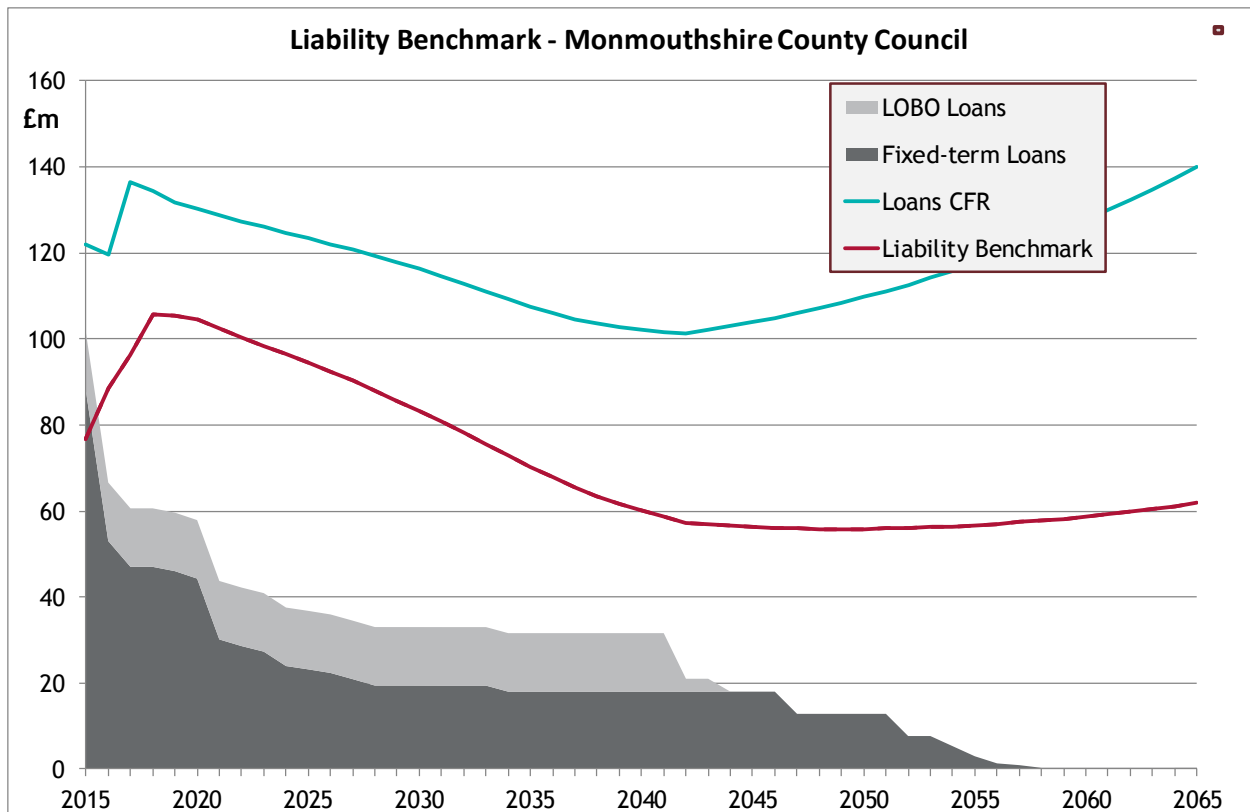
The Authority is intent to maximise internal borrowing to reduce the cost of carry (the difference between the cost of new borrowing offset by the return from investing surplus cash). The internal borrowing at the 31<sup>st</sup> March 2016 is expected to be £19.5m. At the 31<sup>st</sup> December 2015 the Authority was holding £27m of short term borrowing which is not included in the 31/3/17 and later external borrowing figures above. The bottom line shows a net borrowing requirement from 2016/17 onwards which can be satisfied by renewing the £27m of temporary borrowing and/or taking out new long term borrowing. The 2016/17 treasury budget is based on taking out £10m of long term borrowing, the rest being short term.

The CFR increases in 2016/17 are due to the borrowing funded element of the future schools program.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2016/17.

To assist with its long-term treasury management strategy, the Authority and its advisers have created a liability benchmark, which forecasts the Authority's need to borrow over a 50 year period. Following on from the medium term forecasts in table 1 above, the benchmark assumes:

- capital expenditure funded by borrowing increases by 2.5% per year
- minimum revenue provision on new capital expenditure based on a 25 year asset life
- income, expenditure and reserves all increase by 2.5% inflation a year



The loans CFR is the level of borrowing the Authority is entitled to take out. The liability benchmark (lower line) is the Loans CFR adjusted for reserves and working capital which represents the borrowing level which is required if we continue to maximise internal borrowing. The shaded area represents loans which we are committed to. The gap between the blue line and the grey shaded area is the new borrowing which the Authority will need to take out if the assumptions above the graph do not change. This shows that if we renew the £27m of short term borrowing for the foreseeable future, we would need an additional level of borrowing, maybe long term borrowing, of about £10m from about 2017 to about 2035 ie about 18 years.

### **Borrowing Strategy**

At the 31st March 2016, the Authority expects to be holding £92.6 million of loans, a decrease of £6.7m million on the previous year. The balance sheet forecast in table 1 shows that the Authority expects to borrow £28.3m in 2016/17 in order to fund its capital program.

**Objectives:** The Authority’s chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority’s long-term plans change is a secondary objective.

**Strategy:** Given the significant cuts to public expenditure and in particular to local government funding, the Authority’s borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal / short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring external borrowing into future years when long-term borrowing rates are forecast to rise. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2016/17 with a view to keeping future interest costs lower, even if this causes additional cost in the short-term.

Alternatively, the Authority may arrange forward starting loans during 2016/17, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Authority may borrow short-term loans to cover unexpected cash flow shortages.

Any borrowing taken out for more than one year requires the approval of the S151 officer or deputy.

**Sources:** The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB) and any successor body
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds (except the Greater Gwent Pension Fund)
- Local Fire or Police authorities
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- operating and finance leases
- hire purchase
- Private Finance Initiative
- sale and leaseback

The Authority has previously raised the majority of its long-term borrowing from the PWLB but it continues to investigate other sources of finance, such as local authority loans and bank loans, that may be available at more favourable rates.

**LGA Bond Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities may be required to provide bond investors with a joint and several guarantee over the very small risk that other local authority borrowers default on their loans; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Council.

**LOBOs:** The Authority holds £13.6m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. These 3 LOBOS all have options during 2016/17, and although the Authority understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an

element of refinancing risk. The Authority will take the option to repay LOBO loans at no cost if it has the opportunity to do so. Total borrowing via LOBO loans is limited by the debt maturity profile.

**Short-term and Variable Rate loans:** These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates in the treasury management indicators below.

**Debt Rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

### Investment Strategy

The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority’s investment balance has ranged between £13 and £39 million. The levels in the forthcoming year are expected to range from £5 to £20m as internal borrowing levels are maximised.

**Objectives:** Both the CIPFA Code and the WG Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority’s objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

**Strategy:** Given the increasing risk and continued low returns from short-term unsecured bank investments, the Authority will continue to review, with its treasury advisors more secure and/or higher yielding asset classes during 2016/17. Due to the low levels of investment balances available as a result of internal borrowing, the scope for this is not likely to be extensive. The Authorities surplus cash is currently invested in short-term unsecured bank deposits and CDs, deposits with other Local Authorities, t-bills and the DMO and with money market funds.

**Approved Counterparties:** The Authority may invest its surplus funds with any of the counterparty types in table 2 below, subject to the cash limits (per counterparty) and the time limits shown. Any formal recommendations received from the Authority’s treasury advisors which places additional restrictions on certain counterparties in terms of eligibility or duration of Investments will supersede the limits set below. Investments classified as Non Specified must obtain further approval before implementation see page 9.

Table 2: Approved Investment Counterparties and Limits

Counterparty / Instrument	Instrument Limit of Portfolio	Counterparty Limit of Portfolio	Country Limit	Other Limits	Time Limit (Over 1 Year = Non Specified)
UK Central Government including Debt Mgt deposit facility, Gilts and T Bills.	100%	100%	N/A	N/A	50 Years



Any investment with UK Local Authorities (irrespective of credit rating)	75%	The higher of £2m or 10% of total investments (at the time of deposit)	N/A	NA	2 Years
'Unsecured' investments with Banks, Building Societies, Other Organisations and Securities whose lowest published rating from Fitch, Moody's and S&P's is (A-)	75% of total investments at the time of deposit	Upper limit of £2m.	£4m per foreign country	Limit for negotiable instruments held in Brokers nominee accounts: the lower of 50% or £10m per Broker	6 months
As above but (A)	For Non-UK 50% of total investments at the time of deposit	An additional £1m can be held in the Authority's bank current account to cover the total of credit balances.			13 months
As above but (A+)					2 years
Unsecured Investments with Banks, Building Societies, Other Organisations and Securities whose lowest published rating is BBB+ or lower.	25% of total investments	£1m per Counterparty (Additional £1m total of credit balance's in Authority's current account)	£1m per foreign country	N/A	BBB+ 100 Days BBB (Authority Current Account Only)
Secured Investments with Banks, Building Societies, Other Organisations and Securities, (including Re-po's) whose lowest published rating from Fitch, Moody's and S&P's is (A-)	75% of total investments at the time of deposit (both secured and unsecured)  For Non-UK 50% of total investments at the time of deposit (both secured and unsecured)	£4m per counterparty (both secured and unsecured)	£4m per foreign country for all investment types	N/A	13 months
Deposits with unrated UK Building Societies which have been assessed by our Treasury	25% of total investments	£1m per Counterparty	UK only	N/A	100 Days

advisers as comparable with the Building Societies that have an A- credit rating or higher					
Money Market Funds with a Constant Net Asset Value (CNAV) or Variable Net Asset Value if assessed by our Treasury advisers as being of high credit worthiness	50% of total investments at the time of deposit increased to 75% if total investments is £10m or less	The lower of £2m and 10% of total investments rounded up to the next £0.5m; not exceeding 0.50% of MMF size or 2% for Government MMFs	N/A	N/A	N/A
Pooled funds without credit ratings if assessed by our Treasury advisers as being of high credit worthiness	£4m total investment at the time of deposit	£2m per issuer	N/A	N/A	N/A
Investments with UK Registered Providers (e.g. Housing Associations) where the lowest published credit rating is A- or higher	£4m of total investments at the time of deposit.	£2m per issuer	N/A	N/A	5 years

This table must be read in conjunction with the notes below

**Credit Rating:** Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used.

**Banks Unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Unsecured investment with banks rated BBB are restricted to overnight deposits at the Authority's current account bank.

**Banks Secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating

will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

**Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

**Corporates:** Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely. These are included under Secured / Unsecured investments with Banks, Building Societies, Other Organisations in the table above.

**Registered Providers:** Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services, they retain a high likelihood of receiving government support if needed.

**Pooled Funds:** Shares in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

**Risk Assessment and Credit Ratings:** Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

**Other Information on the Security of Investments:** The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations, in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in

the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority’s cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

**Specified Investments:** The WG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
  - the UK Government,
  - a UK local authority, parish council or community council, or
  - a body or investment scheme of “high credit quality”.

The Authority defines “high credit quality” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.

**Non-specified Investments:** Any investment not meeting the definition of a specified investment is classed as non-specified. A non-specified investment can only be undertaken after gaining approval by the Authority’s Section 151 officer or deputy and the Authority’s treasury management advisor. The Authority does not intend to make any investments denominated in foreign currencies. Non-specified investments will therefore comprise long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement; those that are defined as capital expenditure by legislation; and investments with bodies and schemes not meeting the definition on high credit quality.

The Authority has set an upper Limit for its non-specified investments in total at:- **£10m**.

An indication of how this might be made up is shown in table 3 below.

Table 3: Non-Specified Investments

	Cash level
Total long-term investments	£0 - 5m
Total shares in pooled funds	£0 - 4m
Total investments without credit ratings or rated below [A-]	£0 - 3m
Total investments (except pooled funds) with institutions domiciled in foreign countries rated below [AA+]	£0m
Total non-specified investments	£10m

**Investment Limits:** The Authority’s revenue reserves available to cover investment losses are forecast to be £16 million on 31st March 2016. The maximum that will be lent to any one organisation (other than the UK Government and Local Authorities) is £4m for secured investments or £2.0 million for unsecured investments to banks & building societies. The amount that is put at risk in the case of a single default should therefore be no more than 25% (secured) or 12.5% (unsecured) of reserves, levels which are considered prudent.

A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits have also been placed on fund managers, investments in brokers’ nominee accounts, foreign countries and industry sectors in table 2 above. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

**Liquidity Management:** The Authority uses an excel based cash flow forecasting tool to determine the maximum period for which funds may prudently be committed. Amounts are held on an ongoing basis in instant access accounts to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority’s medium term financial plan and cash flow forecast.

### Treasury Management Indicators

The Authority measures and manages its exposures to treasury management risks using the following indicators.

**Security:** The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, ‘AA+’=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	<b>Target</b>
Portfolio average credit rating / score	A- / 5.0

**Interest Rate Exposures:** This indicator is set to control the Authority’s exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures are expressed as the net amount of principal borrowed/invested as follows:

	Existing Level 31.12.15	2015/16 Approved	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Upper limit on fixed interest rate exposure	49.9	100.0	100.0	100.0	100.0	100.0
Variable Interest Rate exposure on Debt	45.1					
Variable Interest Rate Exposure on Investments	13.1					
Upper Limit on Net Variable Interest Rate Exposure	32	50.0	50.0	50.0	50.0	50.0

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

*In the table above, LOBO loans have been classed as fixed rate instruments. The Authority is currently paying a fixed rate of interest. They may be called at each 6 monthly interval, but this outcome is not expected in the current interest rate climate and they could be replaced with a PWLB loan at a lower rate of interest if this did occur.*

**Maturity Structure of Borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Lower Limit for 2015/16 %	Upper Limit for 2015/16 %	Level at 31/03/15 % - £m	Lower Limit for 2016/17 %	Upper Limit for 2016/17 %
Under 12 months - LOBO's	0	50	23.7% - £13.6m	0	50
Under 12 months - Other			13.2% - £7.6m		
12 months and within 24 months	0	40	5.2% - £3.0m	0	40
24 months and within 5 years	0	45	5.9% - £3.4m	0	45
5 years and within 10 years	0	30	12.0% - £6.9m	0	30
10 years and above	0	100	39.9% - £22.9m	0	100

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment

**Principal Sums Invested for Periods Longer than 364 days:** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

	2016/17	2017/18	2018/19
Limit on principal invested beyond year end	£5m	£5m	£5m

### **Other Items**

There are a number of additional items that the Authority is obliged by CIPFA or WG to include in its Treasury Management Strategy.

**Policy on Use of Financial Derivatives:** In the absence of any legal power to do so, the Authority will not use standalone financial derivatives (such as swaps, forwards, futures and options). Derivatives embedded into loans and investments, including pooled funds and forward starting transactions, may be used, and the risks that they present will be managed in line with the overall treasury risk management strategy.

**Investment Training:** The needs of the Authority's treasury management staff for training in investment management are assessed on an ongoing basis and formerly as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.

Staff attend training courses, seminars and conferences provided by Arlingclose and CIPFA.

**Investment Advisers:** The Authority appointed Arlingclose Limited as treasury management advisers in 2011/12. This contract has come to its end and is currently being retendered for 2016/17. The Authority receives from its treasury management advisors specific advice on investment, debt and capital finance issues. The quality of this service is assessed at the contract tender stage by comparing to other market leaders and their historical track record. It is then monitored by on-going interaction with treasury personnel. The Authority maintains the quality of the service with its advisors by holding quarterly meetings and tendering periodically.

**Investment of Money Borrowed in Advance of Need:** The Authority may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Authority is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Authority's overall management of its treasury risks.

For 2016/17, the total amount borrowed will not exceed the authorised borrowing limit of £134 million.

### Financial Implications

The budget for investment income in 2016/17 is £53,000, based on an average investment portfolio of £10 million at an interest rate of 0.5%. The budget for debt interest paid in 2016/17 is £3.5 million, based on an average debt portfolio of £95 million at an average interest rate of 3.5%. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

### Other Options Considered

The WG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Head of finance/S151 officer, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income may be higher / or lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income may be lower / or higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow at long-term fixed interest rates instead of short term	Debt interest costs will rise in the short term but may level out in the medium term; this is unlikely to be offset by higher investment income in the short term	Long-term interest costs may be more certain
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise in the short term and medium term; this is unlikely to be	Higher investment balance leading to a higher impact in the event of a default;

	offset by higher investment income in the short term	however long-term interest costs may be more certain
Borrow more/even shorter-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower but this is more time consuming for the treasury team.	Debt interest costs will reduce in the short term but the benefit will reduce in the medium / long term; long term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income; There is a minimum level of cash that can sensibly be managed due to the uncertainty of cash flow requirements.	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain



## Annex A - Arlingclose Economic & Interest Rate Forecast November 2015

### Underlying assumptions:

- UK economic growth softened in Q3 2015 but remained reasonably robust; the first estimate for the quarter was 0.5% and year-on-year growth fell slightly to 2.3%. Negative construction output growth offset fairly strong services output, however survey estimates suggest upwards revisions to construction may be in the pipeline.
- Household spending has been the main driver of GDP growth through 2014 and 2015 and remains key to growth. Consumption will continue to be supported by real wage and disposable income growth.
- Annual average earnings growth was 3.0% (including bonuses) in the three months to August. Given low inflation, real earnings and income growth continue to run at relatively strong levels and could feed directly into unit labour costs and households' disposable income. Improving productivity growth should support pay growth in the medium term. The development of wage growth is one of the factors being closely monitored by the MPC.
- Business investment indicators continue to signal strong growth. However the outlook for business investment may be tempered by the looming EU referendum, increasing uncertainties surrounding global growth and recent financial market shocks.
- Inflation is currently very low and, with a further fall in commodity prices, will likely remain so over the next 12 months. The CPI rate is likely to rise towards the end of 2016.
- China's growth has slowed and its economy is performing below expectations, which in turn will dampen activity in countries with which it has close economic ties; its slowdown and emerging market weakness will reduce demand for commodities. Other possible currency interventions following China's recent devaluation will keep sterling strong against many global currencies and depress imported inflation.
- Strong US labour market data and other economic indicators suggest recent global turbulence has not knocked the American recovery off course. Although the first rise in official interest rates occurred at its meeting in December 2015.
- Longer term rates will be tempered by international uncertainties and weaker global inflation pressure.

### Forecast:

- Arlingclose forecasts the first rise in UK Bank Rate in Q3 2016. Further weakness in inflation, and the MPC's expectations for its path, suggest policy tightening will be pushed back into the second half of the year. Risks remain weighted to the downside. Arlingclose projects a slow rise in Bank Rate, the appropriate level of which will be lower than the previous norm and will be between 2 and 3%.
- The projection is for a shallow upward path for medium term gilt yields, with continuing concerns about the Eurozone, emerging markets and other geo-political events, weighing on risk appetite, while inflation expectations remain subdued.
- The uncertainties surrounding the timing of UK and US monetary policy tightening, and global growth weakness, are likely to prompt short term volatility in gilt yields.

	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
<b>Official Bank Rate</b>													
<b>Upside risk</b>		0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50
<b>Arlingclose Central Case</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.75</b>	<b>0.75</b>	<b>1.00</b>	<b>1.00</b>	<b>1.25</b>	<b>1.25</b>	<b>1.50</b>	<b>1.50</b>	<b>1.75</b>	<b>1.75</b>
<b>Downside risk</b>				-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-1.00	-1.00	-1.25	-1.25
<b>3-month LIBID rate</b>													
<b>Upside risk</b>	0.20	0.30	0.30	0.30	0.35	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40
<b>Arlingclose Central Case</b>	<b>0.55</b>	<b>0.60</b>	<b>0.70</b>	<b>0.80</b>	<b>0.95</b>	<b>1.05</b>	<b>1.15</b>	<b>1.30</b>	<b>1.40</b>	<b>1.55</b>	<b>1.65</b>	<b>1.80</b>	<b>1.85</b>
<b>Downside risk</b>		-0.20	-0.30	-0.45	-0.55	-0.65	-0.80	-0.90	-1.05	-1.10	-1.20	-1.20	-1.20
<b>1-yr LIBID rate</b>													
<b>Upside risk</b>	0.25	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.45	0.45	0.45	0.45	0.45
<b>Arlingclose Central Case</b>	<b>1.10</b>	<b>1.20</b>	<b>1.35</b>	<b>1.45</b>	<b>1.55</b>	<b>1.70</b>	<b>1.80</b>	<b>1.95</b>	<b>2.00</b>	<b>2.10</b>	<b>2.15</b>	<b>2.15</b>	<b>2.15</b>
<b>Downside risk</b>	-0.15	-0.25	-0.35	-0.50	-0.60	-0.70	-0.85	-0.95	-1.10	-1.15	-1.25	-1.25	-1.25
<b>5-yr gilt yield</b>													
<b>Upside risk</b>	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
<b>Arlingclose Central Case</b>	<b>1.50</b>	<b>1.55</b>	<b>1.60</b>	<b>1.70</b>	<b>1.80</b>	<b>1.90</b>	<b>2.00</b>	<b>2.10</b>	<b>2.20</b>	<b>2.25</b>	<b>2.30</b>	<b>2.35</b>	<b>2.35</b>
<b>Downside risk</b>	-0.35	-0.45	-0.55	-0.60	-0.70	-0.80	-0.90	-1.00	-1.10	-1.15	-1.20	-1.25	-1.25
<b>10-yr gilt yield</b>													
<b>Upside risk</b>	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
<b>Arlingclose Central Case</b>	<b>2.00</b>	<b>2.05</b>	<b>2.10</b>	<b>2.20</b>	<b>2.30</b>	<b>2.40</b>	<b>2.50</b>	<b>2.60</b>	<b>2.65</b>	<b>2.70</b>	<b>2.75</b>	<b>2.80</b>	<b>2.80</b>
<b>Downside risk</b>	-0.35	-0.45	-0.55	-0.60	-0.70	-0.80	-0.90	-1.00	-1.10	-1.15	-1.20	-1.25	-1.25
<b>20-yr gilt yield</b>													
<b>Upside risk</b>	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
<b>Arlingclose Central Case</b>	<b>2.45</b>	<b>2.50</b>	<b>2.55</b>	<b>2.55</b>	<b>2.60</b>	<b>2.65</b>	<b>2.70</b>	<b>2.75</b>	<b>2.80</b>	<b>2.85</b>	<b>2.90</b>	<b>2.95</b>	<b>2.95</b>
<b>Downside risk</b>	-0.30	-0.40	-0.50	-0.55	-0.65	-0.75	-0.85	-0.95	-1.05	-1.10	-1.15	-1.20	-1.20
<b>50-yr gilt yield</b>													
<b>Upside risk</b>	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
<b>Arlingclose Central Case</b>	<b>2.45</b>	<b>2.50</b>	<b>2.55</b>	<b>2.60</b>	<b>2.65</b>	<b>2.70</b>	<b>2.75</b>	<b>2.80</b>	<b>2.85</b>	<b>2.90</b>	<b>2.95</b>	<b>3.00</b>	<b>3.00</b>
<b>Downside risk</b>	-0.25	-0.35	-0.45	-0.50	-0.60	-0.70	-0.80	-0.90	-1.00	-1.05	-1.10	-1.15	-1.15

Annex B - Existing Investment & Debt Portfolio Position

	31 <sup>st</sup> December 2015	31 <sup>st</sup> December 2015
	Actual Portfolio	Average Rate
	£m	%
<b>External Borrowing:</b>		
PWLB - Fixed Rate	40.9	5.7
PWLB - Variable Rate	13.5	0.7
Local Authorities	27.0	0.6
LOBO Loans	13.6	4.8
<b>Total External Borrowing</b>	<b>95.0</b>	<b>3.4</b>
<b>Other Long Term Liabilities:</b>		
PFI / finance lease	0.9	
Other	0.3	
<b>Total Gross External Debt</b>	<b>96.2</b>	
<b>Investments:</b>		
<i>Managed in-house</i>		
Short-term investments	9.2	
Long-term investments	0	
<i>Managed externally</i>		
Money market funds	3.9	
<b>Total Investments</b>	<b>13.1</b>	0.44%
<b>Net Debt</b>	<b>83.1</b>	

## Annex C - MRP Statement 2016/17

The Welsh Government's Guidance on Minimum Revenue Provision (issued in 2010) places a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Welsh Ministers and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.

The four MRP options available are:

- Option 1: Regulatory Method
- Option 2: CFR Method
- Option 3: Asset Life Method
- Option 4: Depreciation Method

*Note: This does not preclude other prudent methods.*

### MRP in 2015/16:

Options 1 and 2 can only be used for supported Non-HRA capital expenditure funded from borrowing (i.e. financing costs deemed to be supported through Revenue Support Grant from Central Government). Methods of making prudent provision for unsupported Non-HRA capital expenditure include Options 3 and 4 (which may also be used for supported Non-HRA capital expenditure if the Authority chooses).

The MRP Statement will be submitted to Council before the start of the 2016/17 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Authority at that time.

The Authority's current policy is to apply Option 2 in respect of supported capital expenditure funded from borrowing. It has set its 2016/17 revenue MTFP on this basis.

The Authority's policy is to apply Option 3 in respect of unsupported capital expenditure funded from borrowing. There are 2 calculation methods which are available within option 3.

- The equal instalment method and
- The annuity method - whereby the MRP element increases over time to reflect a consistent charge over the assets life taking into account the real value of money

Following on from the approval by Council on the 17<sup>th</sup> December 2015 of a revision to the approach to MRP for unsupported borrowing, the annuity method will tend to be the default calculation, unless there is an overriding reason to use an alternative approach.

MRP in respect of leases and Private Finance Initiative schemes brought on Balance Sheet under the CIPFA Accounting Code of Practice will match the annual principal repayment for the associated deferred liability.



## TREASURY MANAGEMENT POLICY STATEMENT 2016/17

### 1. INTRODUCTION AND BACKGROUND

- 1.1 The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 5 of the Code.
- 1.2 Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management:-
- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
  - Suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- 1.3 The Council (i.e. full Council) will receive reports on its treasury management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, and a semi-annual report and an annual report after its close.
- 1.4 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Audit Committee and for the execution and administration of treasury management decisions to Head of Finance (S151 officer), who will act in accordance with the organisation's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.
- 1.5 The Council nominates Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies and they will receive the mid-year report on Treasury Management activities.

### 2. POLICIES AND OBJECTIVES OF TREASURY MANAGEMENT ACTIVITIES

- 2.1 The Council defines its treasury management activities as:

“The management of the Council’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

- 2.2 This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.
- 2.3 This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.”

*As CIPFA states the policy statement should also include the Council’s high level policies for borrowing and investments:*

- 2.4 The Council’s borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt.
- 2.5 The Council’s primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Authority’s investments followed by the yield earned on investments remain important but are secondary considerations.

### **3. Approach to Risk Management**

- 3.1 This section identifies the risks that the Council faces as a result of it undertaking treasury management activities.

Liquidity risk  
 Credit (or counterparty) risk  
 Interest rate risk  
 Inflation rate risk  
 Exchange rate risk  
 Market risk  
 Refinancing risk  
 Procedural risk  
 Legal and regulatory risk

The Council manages these down to an acceptable level within the regulatory framework through the consideration and application of its Treasury Strategy and appropriate monitoring against agreed prudential indicators and limits.

### Appendix 3 - Prudential Indicators for Capital Programme Proposals 2016/2020

Local Authorities determine their own programmes for capital investment in fixed assets. The Prudential Code is the code of practice supporting local authorities in taking decisions and underpins the system of capital finance. The key objectives of the Prudential Code are to ensure, within the Prudential Framework, that capital investment plans of the Authority are affordable, prudent and sustainable.

To demonstrate that local authorities have fulfilled these objectives, the Prudential Code sets out the indicators that must be used, and the factors that must be taken into account. These indicators are reported below based on actual, current and planned capital budget proposals as in the proposed 2016/2020 capital medium term financial plan.

Importantly, it should be noted that the proposed supported and unsupported borrowing results from the current and future capital budget proposals:

Borrowing budgeted in the capital budget proposals 2016/17 to 2019/20 is as follows: The 2016/17 figures are inclusive of slippage from 2015/16 as identified and reported as part of the month 6 capital monitoring process.

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- General Unsupported borrowing of £1,000,000 2016/17 to 2019/20.
- 21<sup>st</sup> Century Schools – budgeted unsupported borrowing of £18,596,000 (including slippage) in 2016/17
- £2,420,000 of supported borrowing in 2016/17 to 2019/20 which assists in financing the core capital programme and is funded through Revenue Support grant from the Welsh Government.

#### Capital Expenditure

The actual capital expenditure and financing (excluding vehicle leasing) that was incurred in 2014/15 and the estimates of capital expenditure and financing for the current year and future years that are recommended for approval are:

	<b>2014/15 Actual £000</b>	<b>2015/16 Estimate £000</b>	<b>2016/17 Estimate £000</b>	<b>2017/18 Estimate £000</b>	<b>2018/19 Estimate £000</b>	<b>2019/20 Estimate £000</b>
Capital Expenditure	13,772	24,756	42,274	29,567	8,192	5,391

The estimate of capital expenditure for the 2015/16 and 2016/17 financial years includes allowance for slippage of expenditure from the 2015/16 capital programme that was forecast at month 6 capital monitoring.

As stated in the Capital programme budget proposals the medium term programme has been drafted, and a programme constructed for the next four years. There will be opportunity for the programme to be reviewed annually.

### Ratio of financing costs to net revenue stream

Estimates of the ratio of financing costs to net revenue stream for the current and future years, and the actual figures for 2014/15 are:

	<b>2014/15 Actual %</b>	<b>2015/16 Estimate %</b>	<b>2016/17 Estimate %</b>	<b>2017/18 Estimate %</b>	<b>2018/19 Estimate %</b>	<b>2019/20 Estimate %</b>
Ratio of financing costs to net revenue stream	6.23	6.53	4.78	6.31	6.54	6.49

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The estimates of financing costs include current commitments and the proposals in this budget report and are based on the actual and anticipated borrowing, net of investments.

### Capital Financing Requirement

Estimates of the end of year Capital Financing Requirement for the Authority for the current and future years and the actual Capital Financing Requirement at 31 March 2015 are:

	<b>2014/15 Actual £000</b>	<b>2015/16 Estimate £000</b>	<b>2016/17 Estimate £000</b>	<b>2017/18 Estimate £000</b>	<b>2018/19 Estimate £000</b>	<b>2019/20 Estimate £000</b>
Capital Financing Requirement	122.9	113.3	124.8	121.1	118.0	116.0

The Capital Financing Requirement measures the authority's underlying need to borrow for capital purposes. In accordance with best professional practice, Monmouthshire County Council does not associate borrowing with particular items or types of expenditure, other than under its current policy for determining its Minimum Revenue Provision. The authority has an integrated treasury management strategy (last



approved on 26<sup>th</sup> February 2015 by Council) and has adopted the CIPFA Code of Practice for Treasury Management in the Public Services.

The Council manages its treasury position in terms of its borrowings and investments in accordance with its approved treasury management strategy and practices. In day-to-day cash management, no distinction can be drawn between revenue and capital cash. External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. In contrast, the Capital Financing Requirement reflects the authority's underlying need to borrow for a capital purpose.

CIPFA's Prudential Code for Capital Finance in Local Authorities includes a key indicator of prudence where Gross External Borrowing does not, except in the short term exceed the total of Capital Financing Requirement. This is the case for the preceding year plus the estimates of any Capital Financing Requirement for the current and next two financial years.

Net external borrowing is the borrowing budgeted to finance the capital programme (Gross External borrowing) offset by the levels of cash and investments.

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	<b>2014/15 Actual £000</b>	<b>2015/16 Estimate £000</b>	<b>2016/17 Estimate £000</b>	<b>2017/18 Estimate £000</b>	<b>2018/19 Estimate £000</b>	<b>2019/20 Estimate £000</b>
Net External borrowing	76.2	95.0	95.0	106.3	108.0	106.0
Gross External borrowing	100.6	100.0	105.0	116.3	118.0	116.0
Capital Financing Requirement	122.9	113.3	124.8	121.1	118.0	116.0

The Head of Finance, as the Authority's S151 officer, reports that the Authority had no difficulty meeting this requirement in 2014/15, nor are any difficulties envisaged for the current or future years. This view takes into account current commitments, existing plans, and the proposals in this budget report.

### **Authorised Limit for External Borrowing**

In respect of external debt, it is recommended that the Council approves the following Authorised Limit for its total external debt gross of investments for the next four financial years.

	<b>2014/15 Limit set £000</b>	<b>2015/16 Limit set £000</b>	<b>2016/17 Estimate £000</b>	<b>2017/18 Estimate £000</b>	<b>2018/19 Estimate £000</b>	<b>2019/20 Estimate £000</b>
Borrowing	134.6	137.1	134.0	145.3	147.0	139.0
Other long term liabilities	2.6	2.6	2.6	2.6	2.5	2.5
<b>Total</b>	<b>137.2</b>	<b>139.8</b>	<b>136.6</b>	<b>147.9</b>	<b>149.5</b>	<b>141.5</b>

These limits separately identify borrowing from other long-term liabilities. The Council is asked to approve these limits and to delegate authority to the Head of Finance, within the total limit for any year, to effect movement between the separately agreed limits of borrowing and other long-term liabilities, in accordance with option appraisal and best value for money for the authority. Any such changes made will be reported to the Audit Committee or Council at the next opportunity following the change.

These limits are consistent with the authority's current commitments, existing plans and the proposals in this budget report for capital expenditure and financing, and with its approved treasury management policy statement and practices. They are based on the estimate of the most likely, prudent but not worse case scenario, with sufficient headroom over and above this to allow for operational management, for example unusual cash movements.

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### Operational Boundary for External Debt

The Council is also asked to approve the following Operational Boundary for external debt for the same period.

	<b>2014/15 Limit Set £000</b>	<b>2015/16 Limit Set £000</b>	<b>2016/17 Estimate £000</b>	<b>2017/18 Estimate £000</b>	<b>2018/19 Estimate £000</b>	<b>2019/20 Estimate £000</b>
Borrowing	113.6	120.2	113.0	124.3	126.0	118.0
Other long term liabilities	1.1	1.1	1.1	1.1	1.0	1.0
	<b>114.7</b>	<b>121.3</b>	<b>114.1</b>	<b>125.4</b>	<b>127.0</b>	<b>119.0</b>

The proposed Operational Boundary for external debt is based on the same estimates as the Authorised Limit but reflects the estimate of the most likely, prudent but not worst case scenario, without the additional headroom included within the Authorised Limit to allow, for example, for unusual cash movements and equates to the maximum of external debt projected by this estimate.

The Operational Boundary represents a key management tool for in-year monitoring by the Head of Finance. Within the Operational Boundary, figures for borrowing and other long-term liabilities are separately identified. The Council is asked to delegate authority to the

Head of Finance, within the total Operational Boundary for any individual year, to effect movement between the separately agreed figures for borrowing and other long term liabilities, in a similar fashion to the Authorised Limit. Any such changes will be reported to the Audit Committee or Council at the next opportunity following the change.

The Council's actual external debt at 31 March 2015 was £101.8 million, comprising £100.6 million borrowing and £1.2 million other long-term liabilities. It should be noted that the actual external debt is not directly comparable to the Authorised Limit and Operational Boundary, since the actual external debt reflects the position at one point in time.

In taking its decisions on this budget report, the Council is asked to note that the Authorised Limit determined for 2016/17 would be the statutory limit determined under section 3(1) of the local Government Act 2003.

### **Incremental impact of new capital investment decisions on Council Tax**

A key measure of affordability is the incremental impact on the Council Tax, and the Council should consider different options for its capital investment programme in relation to their differential impact on the Council Tax.

The incremental impact works on the basis that supported borrowing is funded through Revenue Support Grant. The calculation is therefore determined by establishing the revenue impact of:

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- Unsupported borrowing – in terms of interest payments and the statutory Minimum Revenue Provision (MRP)
- Any revenue savings or costs that have been identified and that will result from capital schemes being delivered

The current capital budget proposals, using current information available, would have the following impact:

	<b>2014/15 Actual £ p</b>	<b>2015/16 Estimate £ p</b>	<b>2016/17 Estimate £ p</b>	<b>2017/18 Estimate £ p</b>	<b>2018/19 Estimate £ p</b>	<b>2019/20 Estimate £ p</b>
Effect on Band D Council Tax	12.23	(0.04)	35.84	1.67	(0.30)	1.86

The notable incremental impact in 2016/17 is due to the high level of borrowing required to fund the 21C schools programme. The credit in 2015/16 is due to the low level of borrowing applied to the capital programme.

**Joy Robson**  
Responsible Financial Officer

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**SUBJECT: OUTCOMES FOLLOWING ESTYN'S FINAL MONITORING VISIT 23-27  
NOVEMBER 2015**

**MEETING: County Council**

**DATE: 10<sup>th</sup> March 2016**

**DIVISION/WARDS AFFECTED: All**

**1. PURPOSE:**

- 1.1 To provide Council with the outcomes of the Estyn monitoring visit 23 - 27<sup>th</sup> November 2015.

**2. RECOMMENDATIONS:**

- 2.1 That Council receive Estyn's letter following the monitoring visit 23 -27<sup>th</sup> November 2015.
- 2.2 That Council consider the progress the Authority has made against the six recommendations contained in the 2012 ESTYN Inspection Report.
- 2.3 That Council note that a School Improvement Group comprising of Members, Officers and external experts is set up to continue to ensure that the pace of improvement is continued and advise on issues where required.

**3. KEY ISSUES:**

- 3.1 Members will be aware that since the Estyn inspection in November 2012, the Authority's education services for children and young people has been in special measures.
- 3.2 In the final report, Estyn identified the following six main recommendations across Monmouthshire's education services.

Recommendation 1: Ensure that safeguarding procedures are robust and underpinned by a clear policy;

Recommendation 2: Improve standards of attainment for all groups of pupils, particularly in secondary schools;

Recommendation 3: Strengthen the level of challenge to schools and use the full range of available to the authority to improve leadership and management in underperforming schools;

Recommendation 4: Improve corporate planning to strengthen links between the local authority's priorities and service level targets;

Recommendation 5: Improve self-evaluation across all services and make better use of data to plan services strategically and target resources appropriately;

Recommendation 6: Ensure that performance management is effective and robust and allows elected members and senior officers to identify and address underperformance

- 3.3 In addition to the main recommendations Estyn also identified aspects of Additional Learning Needs, Inclusion and the Youth Service as unsatisfactory and areas for development.
- 3.4 Estyn carried out a series of three monitoring visits between February 2014 and March 2015 to review how well the local authority was improving. The final monitoring visit took place in November 2015.
- 3.5 Following the final visit, Estyn judged that the Authority has made strong progress in addressing two of the six recommendations and satisfactory progress in addressing the other four as detailed below:
- Recommendation 1 - strong progress
  - Recommendation 2 – satisfactory progress
  - Recommendation 3 – satisfactory progress
  - Recommendation 4 – strong progress
  - Recommendation 5 – satisfactory progress
  - Recommendation 6 – satisfactory progress
- 3.6 Estyn also noted that significant progress has been made in addressing shortcomings in Additional Learning Needs, Inclusion and the Youth Service.
- 3.7 As a result Estyn considers that the authority is no longer in need of special measures and is removing it from further follow up activity
- 3.8 Estyn identified the following areas for further improvement:
- The quality of self-evaluation within the CYP Directorate;
  - Addressing areas for improvement in the delivery of school improvement service for example performance in Welsh first language and notes of visits and meetings
- 3.9 Estyn further advised that the Authority should continue to work in partnership with other authorities in order to develop efficient ways of working to address common challenges in providing education services.
- 4. REASONS:**
- 4.1 To ensure that the authority embeds arrangements to continue secure continuous improvement to address areas for further improvement and maximise its contribution to delivering on the council's priority of education of children and young people.

**5. RESOURCE IMPLICATIONS:**

5.1 Actions contained within the report are to be delivered within the existing resources. Any further proposals developed in response to this report and which have resource implications, will require a separate decision.

**6. SUSTAINABLE DEVELOPMENT AND EQUALITY IMPLICATIONS:**

6.1 None – This report does not propose a change in policy or service delivery.

**7. SAFEGUARDING AND CORPORATE PARENTING IMPLICATIONS**

7.1 There are no safeguarding or corporate parenting implications associated with this report

**8. CONSULTEES:**

8.1 CYP DMT  
Senior Leadership Team  
Cabinet

**9. BACKGROUND PAPERS:**

9.1 Estyn Inspection Report Monmouthshire County Council 2012

9.2 Estyn letter – Monitoring Visit 23 – 27<sup>th</sup> November 2015.

**10. AUTHOR:**

Sarah McGuinness Chief Officer, Children and Young People Directorate

**11. CONTACT DETAILS:**

**Tel: 01633 644487**

**E-mail: [sarahmcguinness@monmouthshire.gov.uk](mailto:sarahmcguinness@monmouthshire.gov.uk)**

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*Rhagoriaeth i bawb – Excellence for all*

Arolygiaeth Ei Mawrhydi dros Addysg  
a Hyfforddiant yng Nghymru

Her Majesty's Inspectorate  
for Education and Training in Wales



**WALES AUDIT OFFICE**

**SWYDDFA ARCHWILIO CYMRU**

**A report on the quality of local authority education  
services for children and young people**

**in**

**Monmouthshire County Council  
County Hall  
Cwmbran  
Torfaen  
NP44 2XH**

**November 2012**

**by**

**Estyn, Her Majesty's Inspectorate for Education  
and Training in Wales**

During each inspection, inspectors aim to answer three key questions:

**Key Question 1: How good are the outcomes?**

**Key Question 2: How good is provision?**

**Key Question 3: How good are leadership and management?**

Inspectors also provide an overall judgement on the provider's current performance and on their capacity to improve.

In these evaluations, we use a four-point scale:

**Excellent**

**Good**

**Adequate**

**Unsatisfactory**

The report was produced in accordance with section 38 of the Education Act 1997, the Children Act 2004 and the Learning and Skills Act 2000.

Every possible care has been taken to ensure that the information in this document is accurate at the time of going to press. Any enquiries or comments regarding this document/publication should be addressed to:

Publication Section

Estyn

Anchor Court

Keen Road

Cardiff

CF24 5JW or by email to [publications@estyn.gov.uk](mailto:publications@estyn.gov.uk)

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**Publication date: 20/02/2013**

## Context

### Context

Monmouthshire is located in south east Wales. It is bordered by England in the east, by Newport, Torfaen and Blaenau Gwent in the west and by Powys in the north-west. The total population is 91,508.

In Monmouthshire, 9.9% of people over the age of three say they can speak Welsh compared to the Wales average of 19.6%.

The employment rate in Monmouthshire is 74.5% compared to the Wales average of 67.1%. There are 10.8% of children living in workless households.

Of the working population in Monmouthshire, 8.7% have no qualifications, which is lower than the Wales average of 12.1%.

The percentage of pupils of compulsory school age eligible for free school meals is 11.9%, lower than 19.3% nationally. This level of eligibility is the second lowest in Wales (PLASC 2012). None of the 58 areas in Monmouthshire are now in the 10% most deprived area in Wales (WIMD 2011).

As of 31 March 2011, Monmouthshire had 80 children being looked after by the authority. There were 62 children on the Child Protection register.

Ethnic minorities account for 1% of the population, lower than the Wales average of 3.6%.

### Funding

The Welsh Government's Standard Spending Assessment (SSA) per head of population for Monmouthshire County Council in 2012-2013 is £1,492 per head, which is well below the Wales' average of £1,681. A net revenue budget of £139.4 million (excluding specific grants) has been set, which is 1% more than in the previous year.

The council set its overall budget at 102.3% of SSA, above the Wales average of 100.5% and it set the education budget at a level of 94.2%% of its Indicator Based Assessment (IBA), well below the Wales average of 98.7%. It should be noted that the IBA is not a spending target, but a mechanism for determining the allocation of Welsh Government support for individual authorities. The net education budget per pupil was £4,833 compared with the all Wales average of £4,813. The budget delegated to primary schools is £4,217 per pupil and that for secondary schools is £4,681 per pupil. Both are above the respective all Wales averages of £4,114 and £4,589.

## Summary

### **Overall judgement: Unsatisfactory**

The local authority's education services for children and young people are judged to be unsatisfactory because:

- the authority's arrangements for safeguarding do not meet requirements;
- performance in Monmouthshire's secondary schools when compared to similar schools according to free-school-meal entitlement has been well below average for the last four years;
- progress between primary and secondary schools is well below average;
- the overall number of days lost to fixed term exclusions is too high;
- the arrangements for supporting and challenging schools are not robust enough and have not had enough impact on improving outcomes; and
- strategic planning for additional learning needs is weak.

However:

- attendance of learners in primary and secondary schools has been above the Welsh average over the past four years;
- Learners benefit from a wide range of good youth support services across the authority; and
- school budgets are well protected and the authority has made good progress in increasing the percentage of delegated funding to schools.

### **Capacity to improve: Unsatisfactory**

The local authority has unsatisfactory prospects for improvement because:

- the lack of strategic and operational capacity in the Children and Young People's directorate has contributed to the lack of improvement in key areas;
- elected members do not receive the information they need to hold services to account fully;
- self-evaluation processes are not rigorous enough and, within the Children and Young People's directorate, corporate planning arrangements are not effective;
- officers do not use quality assurance processes or evaluate data consistently enough to know where resources and services should be directed to achieve the best outcomes for its learners; and
- performance management processes are not consistently implemented within the directorate and leaders and managers are not always able to direct staff or hold them to account well enough.

However:

- during a period of financial challenge, the authority's senior leadership have committed additional capital and revenue to education services in order to improve outcomes for learners; and
- the council participates well in a range of strategic partnerships.

## Recommendations

- R1 Ensure that safeguarding procedures are robust and underpinned by a clear policy
- R2 Improve standards of attainment for all groups of pupils, particularly in secondary schools
- R3 Strengthen the level of challenge to schools and use the full range of powers available to the authority to improve leadership and management in underperforming schools
- R4 Improve corporate planning to strengthen links between the local authority's priorities and service level targets
- R5 Improve self-evaluation across all services and make better use of data to plan services strategically and target resources appropriately
- R6 Ensure that performance management is effective and robust and allows elected members and senior officers to identify and address underperformance

### What happens next?

The local authority will produce an action plan to show how it will address these recommendations within 50 working days of receipt of the report.

Estyn is of the opinion that the authority falls into the follow-up category of requiring special measures and will inform the Welsh Government of this recommendation.

Any follow-up inspection work will be planned in consideration of other inspection and regulatory activity within an authority. All follow-up inspections will be fed into the Local Authority Regulatory Calendar to avoid duplication and take advantage of any opportunities to work more closely with the Wales Audit Office and the Care and Social Services Inspectorate Wales.

## Main findings

### Key Question 1: How good are outcomes?

Unsatisfactory

#### Standards: Unsatisfactory

Performance in Monmouthshire schools is above the average for Wales in all key stages and among the best in Wales in primary schools.

However, Monmouthshire has the second lowest rate of free school meals in Wales. When this relatively low level of deprivation is taken into account, performance compared to that of similar schools based on free-school-meal entitlement has been well below average for the last four years, although the picture in 2012 is an improvement on previous years. However, it remains well below average overall.

The percentage of pupils gaining the Foundation Phase outcome indicator is slightly above average. However, the percentage gaining the core subject indicator in key stage 2 is below average. Too many schools are below the median and too few schools are in the top quarter. Performance in the key stage 3 core subject indicator is well below average. No school is in the top quarter and only one school is above the median. In 2012 performance is well below average on four of the five main indicators at key stage 4. Only on the level 2 threshold is performance just average. On the other four indicators there are no schools at all in the top quarter. For three of these there is only one school above the median and for the level 1 threshold no schools at all are above the median. For the core subject indicator and the capped points score there are too many schools in the bottom quarter.

In recent years the percentage of Monmouthshire learners leaving full-time education without a recognised qualification has been worse than the Wales average and has not compared well enough to other authorities in Wales. However in 2012 this improved significantly and is better than the Wales average.

In 2011, Monmouthshire did not meet any of the three Welsh Government expected benchmarks for performance based on free-school-meal entitlement. In the previous two years it had met the key stage 3 benchmark but not the two benchmarks at key stage 4. In 2008 it met two of the three benchmarks. Therefore there is a declining picture of attainment on these benchmarks.

Progress between primary and secondary schools is well below average. In 2012 in both key stages 3 and 4 progress on all indicators is in the bottom 25% except for English in key stage 3 which is below average.

In 2012 the gap between boys' and girls' performance in key stage 2 is smaller than the average for Wales. However, in key stage 3 and key stage 4, the gap is larger than across Wales. This includes cohorts where the gap was smaller than Wales when they were in primary school. The gap between pupils entitled to free school meals and other learners is larger than the average for Wales in key stages 2 and 3. However, in key stage 4 the gap is smaller. The performance of particular groups of pupils, including vulnerable groups and those with additional learning needs, is variable and this analysis is not consistently available for all groups.

The authority has recently introduced a reading test across all its schools. These tests indicate that only a few pupils leave primary school below functional literacy levels.

In key stage 2, performance in Welsh first language has declined over the last two years. However, in 2012, performance in Welsh second language improved at a faster rate than in Wales as a whole in both key stage 2 and key stage 3. In 2011, the percentage of learners gaining a full qualification in Welsh second language in key stage 4 was above the Wales average. However, this was from a small entry and only represents about a quarter of eligible learners in Monmouthshire secondary schools.

There are many good examples of young people achieving well in informal and non-formal settings and gaining a broad range of qualifications.

### **Wellbeing: Adequate**

Attendance of pupils in primary and secondary schools has been above the Welsh average over the past four years, when compared to that of similar schools based on the percentage of pupils eligible for free school meals.

There have been no permanent exclusions for over two years. The rate of fixed term exclusions improved in 2011, although this does not compare as well to rates in other authorities as could be expected, particularly exclusions of five days or less.

Overall, the number of days of learning lost to fixed term exclusions is too high and has remained static for the last three years, despite Wales figures overall improving slightly. Also the exclusion rate for pupils with statements of educational needs is too high. As a result, Monmouthshire does not now compare as well as could be expected to other authorities.

The percentage of learners remaining in full-time education post-16 is the best in Wales. The numbers of young people not engaged in education, employment or training opportunities has reduced each year for past four years. However, the pace of reduction is slower than Wales as a whole and Monmouthshire does not compare as well as could be expected to other authorities.

Children and young people participate well in a wide range of physical activity, and take-up of specific schemes is good. Generally, the level of participation of children and young people in the Active Schools and Young People programme, Dragon Sport, and other outdoor activities is high.

However, Estyn's recent inspection of the pupil referral service showed that many pupils using the service do not develop their knowledge and understanding of healthy eating and lifestyles well enough. Many do not have enough opportunity to take part in physical exercise, either on their own or in a team.

A range of initiatives helps learners to contribute their views well to a variety of different settings, from designing new schools and learning environments to developing strategies for getting the views of their peers about bullying and harassment in their lives.

<b>Key Question 2: How good is provision?</b>
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<b>Unsatisfactory</b>
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### **Support for School Improvement: Unsatisfactory**

The authority's arrangements for supporting and challenging schools are not robust enough and have not had enough impact on improving outcomes.

The authority has introduced a framework to classify schools according to risk and to plan appropriate interventions. This framework includes the use of a good range of performance data to evaluate standards of attainment but it does not include any evaluation of the quality of teaching and learning. Headteachers understand well the category their school is in, although they are less clear about how this category relates to the different elements of the framework or about the support they will receive as a result. Not all governing bodies are aware of the category of their school. In a minority of schools the categorisation is over generous and does not challenge the school sufficiently to improve.

In recent years officers have supported schools well but have not challenged them rigorously enough. Officers have often reacted to requests from individual schools for support and review, rather than target interventions at those schools where they are most needed. However, through the work of the regional consortium, there is now a clear and consistent programme for all system leaders working with Monmouthshire schools. Officers now use a better range of performance data to focus discussions on standards of attainment.

However, officers' challenge has not been consistent or rigorous enough in the past to make sure that all schools improve sufficiently. Processes to quality assure the work of officers and the challenge they bring to schools have not been effective. Targets agreed with schools have not been effective in raising standards of attainment. Many written records of visits to schools are not evaluative and do not identify clearly areas for improvement. These reports do not provide a clear evaluation of all aspects of leadership and management in the school. As a result, schools are not always clear what they need to do to improve and too many schools are identified as needing follow-up after their inspections. One primary school did not improve quickly enough despite receiving considerable support and required significant improvement after inspection.

The authority has a range of strategies to improve literacy and numeracy. However, initiatives are not evaluated well enough to know which are most effective in improving learners' skills. The authority supports intervention programmes for those who need to improve their basic skills but learners' progress is not tracked well enough to know whether they continue to improve.

The authority provides good support for new leaders in primary schools. However, there is not at present a sufficient range of training opportunities for senior and middle leaders in schools. Governors have access to an appropriate training programme, although this is not targeted specifically at governing bodies of underperforming schools.



### **Support for Additional Learning Needs: Unsatisfactory**

The authority meets its statutory obligations in relation to learners with additional learning needs. The number of statements of educational needs is high compared to the Wales average, although the authority has introduced new strategies which are successfully reducing the number of new statements. However, too many resources are directed towards the statutory assessment process rather than being used to improve the capacity of schools to meet the needs of pupils with additional learning needs.

Strategic planning for additional learning needs is weak. Although there is now a strategic plan which correctly identifies many important priorities, there is insufficient detail about resources and the expected outcomes of the initiatives. As a result, the authority has been slow to put required improvements in place.

The authority does not collect a wide enough range of appropriate data to enable staff to know how well pupils with additional learning needs are progressing. It is therefore unable to analyse the impact of interventions on pupil progress well enough. Also this limits officers' capacity to provide rigorous challenge to schools.

Specialist services, including those provided on a regional basis, deliver appropriate targeted support for pupils with a range of additional learning needs. In addition, an outreach service from one of the special needs resource bases is effective in increasing capacity in mainstream schools to meet the needs of these children. However, although there are a number of special needs resource bases and a special school within the authority, there is currently a lack of specialist facilities for pupils with Autistic Spectrum Disorder, behavioural difficulties and severe learning difficulties. As a result, too many pupils travel long distances to attend out of county placements.

The local authority's additional learning needs service provides useful and relevant training for special educational needs' coordinators. However, training for other teachers and teaching assistants is limited. In addition, the service does not evaluate the impact of training on pupil outcomes well enough.

Closer working with parents has led to a slight reduction in the number of appeals to the Special Education Needs tribunal. However, information for parents is limited, which means that not all parents are clear about what services are available to them.

### **Promoting Social Inclusion and wellbeing: Unsatisfactory**

The local authority has effective policies and procedures for monitoring and promoting pupils' attendance. The education welfare service collects and analyses attendance data for pupils across the authority. This enables staff to focus their work on the schools requiring most support to improve attendance.

The Principal Inclusion Officer monitors the needs of vulnerable groups of learners, which enables most individuals to receive timely support when they need it. There are two Social Inclusion Project Workers who provide outreach and early intervention when young people are at risk of exclusion or disaffection. However, this service has been effective enough in improving exclusion rates across the local authority, particularly for pupils with statements of educational needs.

The Youth Service works in close partnership with schools and the inclusion service to support learners to overcome behaviour issues and to access broader opportunities within the curriculum. It provides good, targeted support for learners, including vulnerable groups, which has helped them to engage with education. The service has recently developed a management information system to gather data more systematically, but the impact of interventions is not yet evaluated well enough or reported clearly enough to council members.

Learners have very good access to counsellors, which they use extensively. Counsellors liaise well with other support workers when appropriate.

The local authority has supported schools well to develop policies to combat bullying. It has recently introduced an improved reporting system that makes it easier for schools to record incidents of bullying or racist behaviour. Currently, not enough has been done to help schools understand and deal with cyber-bullying.

The local authority has made good use of partnerships, to develop work-based provision for young people. Monmouthshire training, the local authority's apprenticeship scheme, is a relatively recent development and it is too early to evaluate its impact.

In the 2012 inspection of the pupil referral service, the local authority was not aware of the shortcomings which Estyn judged were important and resulted in the facility going into significant improvement. The local authority has since restructured its provision and improved the range of the curriculum available to learners supported by the inclusion service.

The authority's arrangements for safeguarding do not meet requirements and give serious cause for concern.

At the time of the inspection, the local authority did not have an appropriate policy for safeguarding, although it has complied with the requirements of the 'All Wales Child Protection Procedure'. The local authority has clear mechanisms to ensure that staff receive Criminal Records Bureau checks, however its processes to check schools' monitoring of update checks is not rigorous enough. Also, the local authority does not have a formal mechanism to ensure that all partners who work with young people have appropriate safeguarding policies and procedures.

There is extensive provision for safeguarding training to all levels of staff in the local authority. However, the local authority does not have clear systems to ensure that the staff training is at a level commensurate to their roles.

The very recent establishment of a Safeguarding and Quality Assurance Team enhances the local authority's capacity to develop policy, procedures and training regarding safeguarding.

### **Access and school places: Adequate**

Since the last inspection, the overall number of surplus places has increased in the local authority. This is because of the increase in surplus places in the secondary

sector which is now just below the Wales average. However, during the last three years, a key corporate priority has been to develop a strategy to modernise the authority's secondary school estate. These plans are central to the authority's vision for the future of education services in Monmouthshire and forms part of their 21st Century school proposals. The plans are targeted to reduce surplus places to below Welsh Government targets and to improve the condition of the sufficiency and suitability of the four secondary schools.

During the same period, the percentage of surplus places has reduced in the primary sector where the authority has closed four schools and opened one. However, the authority's plans to secure secondary school provision for Welsh medium in the long term are underdeveloped.

The authority's asset management planning is good and information on condition, sufficiency and suitability of school buildings is accurate.

The authority manages admissions to its schools well, enabling almost all pupils to obtain places at their first-preference school. The authority uses managed moves well to resettle in other schools most learners who are at risk of exclusion.

In general, there is an appropriate range of early years Foundation Phase learning and play provision which meets the needs of most children and their families. However, there are gaps in the provision for Welsh medium which limits parental choice in areas of the authority. The authority works effectively in partnership with the voluntary sector to plan and deliver provision, using surplus capacity in primary schools where it is appropriate to do so. The authority's monitoring of the standards within maintained and non-maintained settings isn't effective enough. This means that of half those settings inspected in the current cycle are in follow up. The local authority does not evaluate the training it provides well enough and officers are unclear about its impact on standards and provision.

Learners benefit from a wide range of good youth support services across the authority. Multi-agency provision is co-ordinated well by the authority on an area basis. However, overall co-ordination to ensure that all children and young people can access their entitlements and support services to meet their needs is not effective.

<b>Key Question 3: How good are leadership and management?</b>	<b>Unsatisfactory</b>
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### **Leadership: Unsatisfactory**

The authority has appropriately identified education as one of its three strategic priorities. During a period of financial challenge, the authority's senior leadership have committed additional capital and revenue to education services in order to improve outcomes for learners.

Within the Children and Young People's directorate, corporate planning arrangements are not effective. Opportunities for service improvement which align with the stated corporate priority for education have been missed, for example: in securing effective safeguarding arrangements; improving the challenge to school leaders planning for Welsh medium education; and improving services for those with additional learning needs.

The authority has a performance management policy in place. However, performance management processes are not consistently implemented within the directorate. This means that leaders and managers are not always able to direct staff effectively or hold them to account well enough.

The council has recently introduced a reporting system based on outcomes. However, officers do not yet provide members with the comprehensive information they need to make informed decisions. This is because of the lack of rigorous evaluation of services and of school performance. This reduces the effectiveness of the Select Committee in understanding trends, planning interventions or monitoring impact and limits the effectiveness of members in undertaking their democratic accountabilities.

The authority's lack of strategic and operational capacity in the Children and Young People's directorate has contributed to the failure of the directorate to maintain sufficient progress in a number of key areas, for example in improving outcomes for learners and in addressing underperformance in services quickly enough.

### **Quality improvement: Unsatisfactory**

Quality improvement processes in Monmouthshire are not rigorous enough to help the authority identify and plan effectively for the continuous improvement of services for learners.

Senior leaders identify well risk areas in the Whole Authority Strategic Risk Assessment 2012-2013. These include leadership capacity at directorate level, strategic planning for Welsh in Education, the new arrangements for school improvement through the shared service and raising standards at all key stages. However, actions to bring about improvement in important areas such as safeguarding and leadership are not effective enough. The Children and Young People's Directorate's self-evaluation process is updated on regular basis and provides a useful description of activities at service level. However, the content is not evaluative enough to enable the authority to have an accurate understanding of the success of or barriers to learners' achievements and attainments. Too often, collaborative work is not analysed effectively enough, and initiatives are not evaluated sufficiently well to judge their impact on learners.

Overall, processes for evaluation of work and accountability are not sufficiently mature to help the authority plan for improvement well enough. Service Improvement Plans often identify inappropriate targets and are not sufficiently focused on outcomes. Therefore, the actions undertaken by officers to meet targets do not successfully and consistently lead to improvements.

The authority does not use performance data well enough to make sure that outcomes can be analysed effectively. Performance data of vulnerable groups is not collected consistently enough. The lack of appropriate data of the impact of youth support services means that the authority and its partners do not know how well their provision helps learners to progress and achieve.

The authority has partially met the recommendations from previous inspections of education services. However, the lack of rigour in self-evaluation means that key areas for improvement have not progressed well enough. In many cases, such as additional learning needs, officers have not kept abreast of best practice in other authorities and do not know what can work well. As a result the pace of improvement has been too slow.

The authority has a culture that does not challenge underperformance in schools well enough. It has not used its full range of powers to make sure that schools causing concern improve quickly enough

### **Partnership working: Adequate**

Monmouthshire has a strong vision for partnership working, supported well with high levels of commitment from elected members, senior leaders and strategic partners.

The council participates well in a range of strategic partnerships, and undertakes a leadership role in the local service board, the regional consortium for school improvement and the children and young people's partnership. However, the authority does not have a strategic overview of how well this work impacts on learners and improves their achievements and attainments.

The Children and Young People's Plan 2011-2014 develops further the council's integrated approach to planning with key strategic partnerships, and has an improved focus on outcomes for learners. Key themes of the partnership align well with the authority's priorities and other planning process. However, the integration of the priorities for learners and their support needs from the four key strategic partnerships is late when compared to the situation in other authorities.

Activities of the Children and Young People's Plan have progressed well and multi-agency initiatives have been delivered across a wide range of priority issues. Good relationships help partners to overcome organisational barriers to provide essential provision for vulnerable learners. The use of outcome based planning and reporting is at an early stage. The impact of the provision on learners or services is unclear and baseline and progress data is not used well enough. This does not help the authority and the partnership enough to know what impact services have upon learners and on priority objectives, or to plan with a clear analysis of need.

The Children and Young People's Plan audit of needs is currently being updated through the needs audit for the single integrated plan. However, there is not an up to date map of all services for young people across the county or an overall knowledge of the resources available in order to ensure that priorities for children and young people are met appropriately.

A new Partnerships and Engagement team gives high levels of support to the development of the single planning process. The head of the team reports directly to the Deputy Chief Executive. This demonstrates well the authority's commitment to the change process.

## **Resource management: Unsatisfactory**

Since 2002 the council has used funding well to improve the suitability of its primary schools in particular. The financial strategy to deliver the 21st Century Schools plan, which focuses on renewing its secondary schools and some primary schools, is in place. Substantial additional funding is already being identified to finance the proposed enhanced 21st Century Schools programme. Additionally, approximately one third of the council's annual capital budget continues to be allocated to the schools' capital programme. This high level of financial commitment reflects the importance of education to the council.

Schools' budgets are well protected and the authority has made good progress in increasing the percentage of delegated funding to schools. It regularly monitors schools' budgets and provides appropriate monitoring information to schools. However, it does not provide comparative information on costs that would help them identify potential efficiency savings.

Although the authority has maintained the lowest level of school reserves in Wales overall, too many schools have deficit budgets. It requires schools to implement appropriate recovery and investment plans to reduce deficit and surplus budgets respectively. However, the deficit in two schools has been caused unnecessarily through overstaffing.

The authority has allocated good levels of funding to initiatives to improve priorities such as literacy and numeracy but it is unable to demonstrate the full impact because intervention programmes have not been consistently evaluated or reported. It has invested significantly in information technology for learners. The shared resource service is delivering cost savings for schools and for the education service.

Some Officers evaluate a few of aspects of the provision for pupils with additional learning needs pupils. However, the results of these evaluations are not used consistently to inform practice and planning for provision. As a result, the authority is unable to sufficiently demonstrate how well additional learning needs funding is used to deliver positive outcomes for learners.

Overall, the authority does not use quality assurance processes or evaluate data consistently enough to analyse what works well for all learners. This means that the authority does not always know where resources and services should be directed to achieve the best outcomes for its learners.

Given the levels of funding and the outcomes achieved overall, the education service provides unsatisfactory value for money.

## Appendix 1

### The inspection team

Clive Phillips	Reporting Inspector
Jane Taylor	Deputy Lead Inspector
Caroline Rees	Team Inspector
Alun Connick	Team Inspector
Betsan O'Connor	Team Inspector
Mererid Stone	Team Inspector
Helen Morgan-Rees	Team Inspector
Louise Fleet	WAO
Bryan Jeffreys	Peer Inspector
Deborah Mountfield	Nominee

### Copies of the report

Copies of this report are available on the Estyn website ([www.estyn.gov.uk](http://www.estyn.gov.uk))

## Glossary of terms

### National Curriculum

#### Expected National Curriculum levels

- By the end of the key stage 1, at the age of seven, learners are expected to reach level 2 and the more able to reach level 3.
- By the end of the key stage 2, at the age of eleven, learners are expected to reach level 4 and the more able to reach level 5.
- By the end of the key stage 3, at the age of fourteen, learners are expected to reach level 5 and the more able to reach level 6 or level 7.

#### Core subject indicator in all key stages

The core subject indicator relates to the expected performance in English or Welsh first language, mathematics and science, the core subjects of the National Curriculum. Learners must gain at least the expected level in either English or Welsh first language together with mathematics and science to gain the core subject indicator.

#### External examinations at key stage 4 or post-16

**Core subject indicator** – as above.

**Level 1 qualification** – the equivalent of a GCSE at grade D to G.

**The Level 1 threshold** – learners must have gained a volume of qualifications equivalent to five GCSEs at grades D to G.

**Level 2 qualification** – the equivalent of a GCSE at grade A\* to C.

**The Level 2 threshold** – learners must have gained a volume of qualifications equivalent to five GCSEs at grade A\* to C.

**The Level 2 threshold including English or Welsh first language and mathematics** – learners must have gained level 2 qualifications in English or Welsh first language and in mathematics as part of their threshold.

**Level 3 qualification** – the equivalent of an A level at A\* to C.

**The Level 3 threshold** – learners must have gained a volume of qualifications equivalent to two A levels at grade A\* to E.

The **average wider points score** includes all external qualifications approved for use in Wales at the relevant age – for example at age 16 or 18. To calculate this, the total points gained by all learners in the cohort is divided by the number of learners.



The **capped average points score** only includes the best eight results for each pupil from all qualifications approved for use in Wales at age 16.

### **All-Wales Core Data sets**

Schools and local authorities may refer to performance relative to their family of schools. These families of schools have been created to enable schools to compare their performance to similar schools across Wales. Families include schools with similar proportions of pupils entitled to free school meals, living in 20% most deprived areas of Wales, having special education needs at school action plus or statemented and with English as an additional language acquisition less than competent.

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Paul Matthews  
Chief Executive  
Monmouthshire County Council  
PO Box 106  
Caldicot  
Monmouthshire  
NP26 9AN

January 2016

Dear Mr Matthews

### **Estyn monitoring visit, 23 – 27 November 2015**

In November 2012, Estyn inspected Monmouthshire County Council's education services for children and young people. Following this inspection, the authority was judged to require special measures. A monitoring plan was agreed with your Estyn link inspectors, which included a series of four monitoring visits to review how well the local authority was improving. Three monitoring visits took place between February 2014 and March 2015. The final monitoring visit took place in November 2015, and this letter records the outcomes of that visit.

In November 2015, Gerard Kerslake HMI led a team of five inspectors to review the progress made by the authority against all of the six recommendations arising from the inspection in November 2012, and to judge whether the local authority had made sufficient progress to be removed from special measures.

During the monitoring visit, the team held discussions with the leader of the council, the cabinet member for education, the cabinet member for safeguarding, scrutiny committee members, yourself as the chief executive, senior officers, and other relevant staff in the authority. They also met with the chair of the Welsh Government's recovery board, headteachers, school governors, and relevant staff working for the regional school improvement service, Education Achievement Service (EAS). Inspectors scrutinised a wide range of documentation, including evidence on the progress made on each of Estyn's recommendations.

At the end of the monitoring visit, the team reported their findings to you as the chief executive, the leader of the council, and other key personnel involved in our discussions.

## **Outcome of the monitoring visit**

Following this visit, Estyn has judged that Monmouthshire County Council has made strong progress in addressing two of the six recommendations arising from the inspection of November 2012, and satisfactory progress in addressing the other four. As a result, Her Majesty's Chief Inspector of Education and Training in Wales considers that the authority is no longer in need of special measures and is removing it from further follow-up activity.

## **Background**

In response to Estyn's inspection in November 2012, the authority was initially slow to accept the findings and implement an appropriate post-inspection action plan (PIAP) covering all the shortcomings identified in the inspection report. However, once Estyn raised concerns with the local authority about this initial response, senior leaders responded more vigorously and the pace of progress improved considerably. Elected members and senior officers have demonstrated a clear commitment to improving education provision and outcomes for learners, as well as ensuring all learners are safe.

### **Recommendation 1: Ensure that safeguarding procedures are robust and underpinned by a clear policy**

#### **The authority has made strong progress in addressing this recommendation.**

Following the inspection of the local authority in 2012, Monmouthshire County Council has responded well to this recommendation. The Council now give safeguarding a high priority corporately and it is included appropriately in the whole authority strategic risk assessment. Consequently, senior officers and elected members have a better oversight of how its education provision implements safeguarding policies and procedures.

Since the inspection, the authority has revised its corporate safeguarding policies and procedures. This has strengthened the way the children, young people's directorate, and its education services manage their safeguarding responsibilities for learners.

The authority has introduced a 'three tiered' reporting framework for safeguarding, which it uses to inform elected members and officers of the safeguarding issues across the council. The three tiers are the safeguarding strategic overview report, the quarterly report card, and the safeguarding service improvement plan. This reporting framework effectively captures and shares the important information about safeguarding matters in education. The safeguarding quarterly report card provides a more detailed evidence base and analysis of performance information to support the authority's decision-making. All three tiers of reports are published and available to the public.

The Safeguarding and Quality Assurance Unit (the unit) is a very useful corporate resource. The unit supports education provision well, by making available advice, guidance, and support to schools and education services. This has helped improve the rigour in the directorate's management, monitoring and reporting of safeguarding

matters. The unit undertakes regular audits, which provides a range of useful data and analyses. These include an audit of safeguarding policies and procedures as well as compliance with safe recruitment policies in all schools and other education provision.

The unit makes good use of this intelligence, to inform senior officers and elected members about education providers' compliance with its policies, patterns of safeguarding and child protection referrals, allegations of professional abuse and intelligence on the wellbeing of young people. Where necessary, areas which need improvement are appropriately addressed.

Designated safeguarding leads in schools and education services are well supported through regular meetings, group supervision and training. As a result of this support, designated leads have a better understanding of safeguarding issues such as children missing from education and child sexual exploitation.

Staff in schools and in other education provision, as well as school governors, have more opportunities for suitable training. The unit monitors closely the take-up of courses, and reports monthly on this. So far, all education personnel who need it have received tier one training and many have undertaken tier two training.

The Integrated Youth Offer is the name of the local youth support services partnership group. This group is made up of representatives from a suitably wide range of stakeholders and includes the local authority youth service, the police, youth offending service, and voluntary sector youth provision. The group has established agreed standards for the quality of safeguarding policies and procedures, and helpful reporting processes. The group has recently mapped and audited all members' provision to ensure compliance with these standards. The audit enables partners to work together with confidence that the agreed high standards in safe recruitment, and safeguarding training is in place.

The authority is clear about what it still needs to do to improve further its safeguarding activities.

## **Recommendation 2: Improve standards of attainment for all groups of pupils, particularly in secondary schools**

### **The authority has made satisfactory progress in addressing this recommendation.**

Performance in the main indicators across all key stages has improved since the last inspection in November 2012.

When the performance of schools in Monmouthshire is compared with that of similar schools in Wales, based on the proportion of pupils eligible for free school meals, performance is above average at Foundation Phase and in key stages 2 and 3.

The proportion of pupils achieving the level 2 threshold including English or Welsh first language and mathematics has been above modelled outcomes for the last two years, having been below modelled outcomes for the previous three years. When the performance of schools in Monmouthshire is compared with that of similar

schools in Wales, based on the proportion of pupils eligible for free school meals, all schools are in the top half in each of the last two years for performance in the level 2 threshold including English or Welsh first language and mathematics.

Performance has also improved in other main indicators at key stage 4, including level 1, level 2, capped points score and core subject indicator. When the performance of schools in Monmouthshire is compared with that of similar schools in Wales, based on the proportion of pupils eligible for free school meals, half of the schools are above the median for these indicators in 2015. This compares well to 2013 when all schools were below the median for almost all the indicators. However, the proportion of pupils achieving the capped points score in the authority has remained below modelled outcomes since the last inspection.

The Welsh Government sets benchmarks for an authority's performance in key stages 3 and 4 based on free-school-meal entitlement. The authority met two of its three benchmarked targets in 2015 and one of its targets in 2014, having failed to meet any of its targets in 2013.

The progress that pupils make from primary school to the end of secondary school has generally improved well since the core inspection. In 2015, pupils' progress is in line with the progress made by similar pupils in Wales in four out of the five headline indicators. However, progress made by pupils in the core subject indicator remains below average. The performance of pupils eligible for free school meals has improved substantially since the last inspection and is well above the Wales average for all indicators at key stage 4 in 2015.

Pupils that are more able generally perform well in the Foundation Phase and in key stages 2 and 3. However, more able pupils do not perform well enough at key stage 4, with too few pupils achieving five or more GCSE A\*-A grades.

The gap in performance between boys and girls in the authority compared to the average gap in Wales has narrowed in the majority of indicators at key stage 4 since the last inspection.

**Recommendation 3: Strengthen the level of challenge to schools and use the full range of powers available to the authority to improve leadership and management in underperforming schools**

**The authority has made satisfactory progress in addressing this recommendation.**

The local authority is developing well its work with the regional Educational Achievement Service (EAS) to support and challenge schools more effectively and to improve leadership and management. This has resulted in improvements in outcomes across primary and secondary schools, especially in English and in mathematics at key stage 4.

The authority knows its schools well. There are improved systems for collecting data, based on individual pupil outcomes, which enable officers and advisers to monitor the progress of schools carefully and more accurately. Performance targets are set in collaboration with schools, and this process results in annual targets for

improvement, which are generally realistic and suitably challenging. Challenge advisers work closely with their schools to review the targets regularly. This sharper use of data has provided a sound platform from which to make further improvement.

Overall, the implementation of the categorisation process is fair and robust. Categorisation visits take good account of a wide range of information, including first-hand evidence of the quality of teaching and learning and the quality of leadership. Headteachers are suitably involved in this process, and all judgements are moderated carefully. Schools, governors, and challenge advisers understand the categorisation process well, and are clear about the levels of support associated with each category.

Generally, the categorisation reports for schools provide a detailed summary of the school's performance, provision, and leadership. Many reports identify clear and appropriate areas for improvement. In a few cases, the balance between strengths and areas for improvement does not reflect the category well enough.

Challenge advisers' notes of visits to schools focus suitably on pupils' standards and areas for improvement. However, an evaluation of progress and actions to be taken by the school and the EAS following the visit are generally not clear enough. This means that challenge advisers and schools do not have a clear on-going record of the school's progress against their current goals for improvement.

The authority works appropriately with the EAS to quality assure its work. Officers monitor the activities undertaken by challenge advisers to ensure that a suitable range of evaluative processes take place in schools. The principal challenge adviser and the authority's head of attainment and achievement meet regularly, and have identified inconsistencies in the practice of challenge advisers. They have acted appropriately to address shortcomings. As a result, there is now greater consistency in the way that challenge advisers work with their schools. Formal quality assurance meetings provide a useful opportunity to identify specific issues about the quality of challenge and support that advisers offer to schools. The annual summary of issues provides a helpful list of overall areas for improvement. However, notes of monthly meetings do not provide enough detail about the quality of support and challenge in individual schools or identify specific actions for follow up.

Since the time of the core inspection, the authority has introduced an annual programme of 'stocktakes' whereby representatives from individual schools present an analysis of their progress to officers and cabinet members and EAS representatives. The authority has targeted schools for the stocktakes appropriately, and challenged these schools robustly. However, the records of these meetings do not identify well enough the key areas of strength and priorities for improvement in each school.

The authority has issued five statutory warning notices that identify appropriately the specific areas of concern in each school. These warning notices have assisted the authority to remove the barriers to improvement in each school. As a consequence of two of these warning notices, the authority has used its powers of intervention to bring about changes necessary for improvement. The other three schools have responded well to the actions set for them by the authority, and in these cases, the notices have been withdrawn.

The authority works appropriately with EAS to broker support for teaching and learning and leadership in its schools that is tailored to the specific needs of the school. Support for literacy and numeracy has helped schools well to improve outcomes in English and in mathematics. There are suitable programmes to develop teachers and leaders across the authority. However, it is too early to judge the impact of these programmes.

The authority has developed a collaborative alliance of primary schools to share good practice in leadership and to improve outcomes in the partnership schools. There are early indications that this strategic arrangement is having a positive impact on standards.

**Recommendation 4: Improve corporate planning to strengthen links between the local authority's priorities and service level targets**

**The authority has made strong progress in addressing this recommendation.**

Overall, the children and young peoples' directorate's (CYP) approach to planning is much improved from the time of the inspection. This approach has helped to bring a better focus to the actions and activities of the service areas within the directorate and has helped to improve provision and outcomes in important areas.

Improving educational outcomes is one of the authority's core priorities. This priority was reaffirmed by the council in its 'Partnership Administration Continuance Agreement', which outlines its agenda for the period up to May 2017. This emphasis suitably reflects the priorities for education set out in the Single Integrated Plan.

The directorate has increased its capacity for strategic and operational leadership and management, which includes the appointment of a permanent chief officer for children and young people in May 2013. As a result, there is now a clearer direction to the work of the directorate.

The CYP directorate has useful service improvement plans for each service area. The service area plans are suitably quality assured by senior officers. The plans follow a helpful, common template and bring appropriate consistency to the directorate's plans. The directorate's plans are more coherent and better focused than at the time of the inspection and this has helped to support improvements in, for example, the provision for additional learning needs, outcomes in schools and in the authority's youth service.

The authority identifies well and records relevant risks relating to different levels in its plans. There is an appropriate link from the specific risks in the service level plans to the strategic, broader risks in the high-level plans. The risk registers also include suitable actions to mitigate the risks.



**Recommendation 5: Improve self-evaluation across all services and make better use of data to plan services strategically and target resources appropriately**

**The authority has made satisfactory progress in addressing this recommendation.**

Since the inspection in November 2012, senior officers and elected members have improved their understanding of the performance of the children and young people's directorate.

Self-evaluation processes have become more honest and accurate. Generally, officers have a clearer understanding of the strengths and areas for improvement within their service areas. Overall, they use this information more effectively to inform their planning.

However, the directorate does not always capture the areas for improvement well enough in its key documents. For example, the authority's self-evaluation report (SER), based on the Estyn Common Inspection Framework, does not highlight areas for improvement clearly and, as a result, it is not a useful tool to inform planning. Overall, the SER is too descriptive and does not consistently analyse data well enough.

The directorate's quarterly monitoring of service plans indicates the progress made against actions. However, the end of year evaluations focus largely on what has been achieved, and do not identify well enough any areas that either have not been addressed, or where progress has not been good enough.

The directorate is continuing to improve the quality of its reports to the relevant scrutiny committee. Elected members are now providing a better level of challenge.

The authority has a much better understanding of its schools. Improved target setting in schools means that the authority is able to evaluate more effectively, whether progress in raising standards is quick enough. However, the access that schools have to management information systems is still too inconsistent.

The directorate's use of performance data has improved, for example in identifying progress of vulnerable groups and pupils with additional learning needs. Officers track the progress of learners who participate in intervention programmes, in order to evaluate the effectiveness of the programmes and to determine whether further intervention is required. The authority has improved the range of data in the youth service, which means that officers and partners have a better understanding of how the provision helps learners to progress and achieve.

**Recommendation 6: Ensure that performance management is effective and robust and allows elected members and senior officers to identify and address underperformance**

**The authority has made satisfactory progress in addressing this recommendation.**

The directorate's performance management processes have improved since the last inspection. The directorate follows the local authority's revised corporate performance assessment process, which is providing a more robust system to manage performance.

The directorate's staff have formal performance reviews twice a year with their line managers. These meetings identify strengths and areas for improvement in relation to individuals' responsibilities. In addition, they have regular programmed meetings to discuss general aspects of their work. These meetings cover areas such as behaviours, staff culture, and forward planning. Individuals and teams within the directorate now have a clearer understanding of their roles and how their work contributes to the directorate's and wider corporate priorities. However, the authority has not formally evaluated the overall effectiveness of the staff performance management and appraisal processes.

The directorate's lead officers are held to account formally in head of service challenge meetings by the council leader, senior leadership team, and relevant officers. This process is helping the senior leaders to understand better the challenges facing education service areas and to consider ways of removing obstacles to improvement. However, the authority has not evaluated the effectiveness of this approach, and as this part of the process is resource intensive, it is not clear if it is sustainable into the long term.

The authority has suitable arrangements for holding EAS to account. EAS is providing better quality information to the authority on standards and leadership in schools, which in turn enables the authority to identify underperformance, to hold school leaders to account more robustly and to use its statutory powers where necessary. These arrangements have helped to improve the outcomes achieved by their pupils. There is also an increasing rigour to and better clarity in the process of setting school attainment targets. This is helping to promote higher expectations for improvement across the local authority's schools.

The authority has appropriate arrangements for scrutinising the education directorate's work. The arrangements align well with the monitoring of the post inspection action plan and the priorities of the education department. Scrutiny officers have worked well with elected members to help improve their understanding of key educational issues and to equip them with the information and skills to challenge officers and the lead member appropriately.

**Progress on the improvement in services for pupils with additional learning needs (ALN)**

In the inspection in November 2012, support for additional learning needs (ALN) was judged to be unsatisfactory. Since that time, the local authority has made significant

progress in addressing the shortcomings identified. Following the inspection, the directorate carried out a comprehensive review of ALN services, which included extensive consultation with children and young people, parents and carers, and schools. There is now a clear strategy, with a focus on building the capacity of schools to meet the needs of pupils with ALN and ensuring that specialist provision is fit for purpose.

Through working very closely with schools and parents, the directorate has made sure that more pupils can access the support they need quickly without the need for a statement of special educational needs (SEN). A comprehensive programme of support and training means that schools are becoming more confident to provide for pupils with a range of needs and this has led to a reduction in referrals for additional support.

The authority now uses data to track more effectively the progress of pupils with ALN in relation to their individual targets. There are effective processes in place to monitor the work of schools, both at a strategic and individual pupil level. This enables officers to provide appropriate support and challenge.

### **Next steps**

There are a number of important areas covered in our report, which require further and continued improvement. The authority should further improve the quality of self-evaluation within the CYP directorate as well as addressing the areas for improvement in the delivery of school improvement services highlighted in this letter. The recent work of the recovery board has been valuable in guiding the authority in its improvement work and the authority should consider continuing to engage with external experts to ensure that there is no easing in the pace of improvement and to advise on specific issues where required. The authority should also work in partnership with other authorities in order to develop efficient ways of working to address common issues and challenges in providing education services.

Your link inspectors will continue their work with the authority, in their normal link role.

I am copying this letter to the Welsh Government and the Auditor General for Wales for information.

Yours sincerely

**Clive Phillips**  
Assistant Director

cc: Welsh Government  
Auditor General for Wales

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**SUBJECT: MONMOUTHSHIRE LOCAL DEVELOPMENT PLAN: COMMUNITY INFRASTRUCTURE LEVY**  
**MEETING: COUNCIL**  
**DATE: 3 FEBRUARY 2016**  
**DIVISION/WARDS AFFECTED: ALL**

**1. PURPOSE:**

- 1.1 The purpose of this report is to advise Council of the results of the recent consultation on a Community Infrastructure Levy (CIL) Preliminary Draft Charging Schedule (PDCS) and to seek endorsement of a Draft Charging Schedule (DCS), with a view to issuing for consultation purposes.

**2. RECOMMENDATIONS:**

- 2.1 Council notes the contents of this report and endorses the DCS, with a view to issuing for consultation purposes.

**3. KEY ISSUES:**

3.1 Background.

Council endorsed a CIL PDCS to be issued for consultation purposes on 22 January 2015. The report to Council (which was rearranged from 18 December 2014) is attached as **Appendix A**.

- 3.2 The consultation took place for a period of 6 weeks from Thursday 12th February 2015 to Thursday 26th March 2015. A notice was placed in the Monmouthshire Free Press on 11 February 2015 and 384 individual notifications were sent out to:

- Specific (including Town and Community Councils), General and Other consultees, as identified in the LDP Community Involvement Scheme (207) ;
- Residents who were on the LDP consultation data base and had specifically requested to be notified of proposals for CIL (71);
- Agents/developers who work in the Council area (106).

- 3.3 17 replies were received. These have been split into 44 representations that are summarised, together with the suggested Council response, in the Draft Report of Consultation provided as **Appendix B**.

- 3.4 An issue raised by one of the respondents, the Home Builders Federation, had already been identified by officers and the Council's consultants and has resulted in a need to carry out further viability testing. Draft Affordable Housing Supplementary Planning Guidance (SPG) was consulted on in February and March 2015. The SPG sets out enhanced space standards to meet Welsh Government Development Quality Requirements, a revised housing mix and changes to percentage payments to developers for the transfer of affordable housing to Registered Social Landlords compared with what was tested in the initial CIL viability report on which the charges set out in the PDCS were based. In carrying out the additional viability testing the opportunity has been taken to update build costs and house values (as requested by some of the representors) and refine the strategic sites case studies based on additional information that has come to light. Further case studies have also been added to test the impact of 'rounding up' in establishing affordable housing requirements. The consultants' report on this revised residential viability testing (excluding annexes) is attached as **Appendix C**.

### 3.4.1 Results of Revised Residential Viability Testing.

The updated viability evidence has not indicated any adverse impacts on viability resulting from the policies set out in the Draft Affordable Housing SPG. In fact, viability has generally improved. Comparing the results from the current viability study with those of a year ago, the strengthening market and payment for affordable housing based on ACGs has had a bigger impact on the residual values calculated than the changes in build costs and use of DQR for the affordable housing over the same period. The consultants have recommended, therefore, slight increases in the CIL rate, as set out in Table 5-1 of the updated report (Appendix C). In summary, the new charges would be:

- A standard CIL charge of £80/sq. m for strategic sites generally plus non-strategic development of 3 dwellings or more in Severnside, except for:
- Deri Farm, with a CIL of £60/sq. m;
- Fairfield Mabey, sites of less than 3 dwellings, affordable housing lead schemes in villages and rural areas and retirement housing which are all £0 rated;
- Any other non-strategic development of 3 dwellings or more elsewhere in Monmouthshire which is £120/sq. m. (except for Monmouth which is £100/sq.m.)

3.4.2 The reason for the lower rate for Deri Farm is the high cost of undergrounding the existing overhead cables, which affects overall viability. Developments of less than 3 dwellings have had to be exempted from CIL because recent work on build costs have indicated higher relative costs for smaller developments making it unviable to charge CIL. The improvement in house prices has meant that it is now feasible to charge CIL on the former Sudbrook Paper Mill strategic site, whereas previously it had a zero rate. The Fairfield Mabey strategic site is now proposed as a zero rate as costs have increased to reflect the transfer of a cost item from CIL to Section 106 and increased cost estimates for other items.

3.5 The original CIL Viability assessment report also tested non-residential development in order to assess its potential for supporting a CIL charge. This testing was carried out in May 2014. It has been necessary, therefore, to update the cost and value assumptions used for non-residential development in a similar manner as for residential development. In addition, two extra development types were tested in order to address a consultation response from the Monmouth and District Chamber of Trade, which expressed concern that the proposed CIL charges did not include A3 uses (with specific reference to the proposed Dixton Roundabout development in Monmouth). The new typologies test A3 units (restaurants, cafes, takeaways etc.), one located in a town centre and the other in out of town locations. The consultants' report on this revised non-residential development testing is attached as **Appendix D**.

### 3.5.1 Results of Revised Non-Residential Viability Testing.

The report advises that the CIL rates set out in the original viability report remain applicable, i.e. £200 per square metre for out of centre retail uses and £0 per square metre for all other non-residential development. There has been some refining of the proposed charges to clarify that supermarkets will be liable to pay CIL even if they are located within a town centre (previously it was only proposed to charge for out-of-centre retail, which was contrary to the finding that supermarkets achieve good viability irrespective of location). A3 uses were found not to generate sufficient revenue to charge a levy.

3.6 An amended charging schedule (excluding maps), incorporating the results of the revised viability testing is attached as **Appendix E**. This will form the basis for next formal stage in the CIL preparation process – the consultation on the Draft Charging

Schedule (DCS). The consultants' reports referred to above will also have to be published as part of the consultation to give consultees the opportunity to interrogate the assumptions used in the viability testing.

3.7 The other main issues arising from the consultation and/or still remaining to be resolved are set out below:

3.7.1 Detailed technical issues are raised that are claimed to result in CIL rates that are too high – these include such matters as the level of the benchmark land value, differences between residential and non-residential land values, developers' profits and margins, site opening up costs, provision of garages within building cost estimates, distinguishing between gross and net densities.

Response: These matters have been addressed by the Council's consultants and responses are given in the Report of Consultation and the updated viability report. It is considered that a rigorous process has been followed in establishing the proposed CIL rate and that this can be defended at Examination.

3.7.2 Inadequacies in the Council's Regulation 123 List and associated Infrastructure Plan (IP).

Response: The 'Regulation 123 list' identifies items on which the Council intends to spend CIL funding. It was being suggested that the Reg.123 list (as set out in the PDCS) included sustainable transport improvements, upgrade/provision of broadband connectivity, town centre improvements, education, strategic sports/adult recreation facilities and strategic green infrastructure. It is appropriate to set out broad categories of development to be funded by CIL in this way but the list has to be supported by an Infrastructure Plan that identifies the potential projects that fall within these broad types of infrastructure. A draft list of potential 'place-making' and other proposals by settlements to be funded through CIL was provided in Annex 2 of the Draft IP produced in July 2013 as part of the Local Development Plan (LDP) process. Further work was needed to this list and this has been achieved by preparing an Addendum to the 2013 IP that is attached as **Appendix F**.

The purpose of the IP addendum is three-fold:

- To update the Council's 2013 IP by providing an overview of what categories/types of infrastructure identified in the IP fall within the remit of CIL and what infrastructure will continue to be addressed through other funding sources, including S106 planning obligations. This is set out in Section 2 of the Addendum.
- To recommend which categories of infrastructure will be included in the Reg. 123 List. The Reg. 123 List can be published and revised at any time after the Council has adopted CIL. If an infrastructure category/scheme is included in the Reg. 123 List a S106 cannot be negotiated to contribute towards that infrastructure. If an infrastructure category/scheme is not included in the Reg. 123 List, up to five S106 planning obligations entered into since April 2010 may be pooled to contribute towards its cost. This is to ensure that double charging of developers for infrastructure through using both CIL and S106 is avoided. The recommendations also set out those site-specific infrastructure categories where S106 contributions are likely to be the funding mechanism in order to provide transparency on those matters where S106 contributions will continue to be sought.
- To provide an updated list of indicative infrastructure schemes (based on the most up-to-date information available) that would support development proposed in the LDP that could be funded, partly or wholly, through CIL. The timing/phasing, estimated costs, delivery/funding sources, available funding and subsequent funding gap is identified for each scheme where possible. The draft list of CIL eligible infrastructure schemes which fall within the Regulation 123

List categories is set out in Section 3 of the Addendum. The infrastructure schemes identified are based on a variety of sources

While the Reg.123 List and supporting Infrastructure Plan will not specifically be examined by an inspector, it is necessary to be able to demonstrate at Examination that there is a need for infrastructure in the County that cannot be financed by other sources (the 'funding gap'). The charging authority needs to set out a draft list of the projects or types of infrastructure that are to be funded in whole or in part by the levy, together with any known site-specific matters for which section 106 contributions may continue to be sought. The Reg.123 list and Infrastructure Plan can be varied over time according to Council priorities and is very much an initial rough draft at the present time that requires further refinement. There will be plenty of opportunity for any further projects that may be identified to be added at a future date. The infrastructure planning process would include, for example, links with Whole Place Plans, Town Teams etc. to determine what matters to communities in terms of infrastructure provision. Some of those projects would be funded via the 15% of CIL receipts that are passed to the Community Council where the new development is within their area, but other more strategic projects should be included on the infrastructure plan. In this respect, further reports will be made to Members in order to establish the procedures for allocating CIL monies and determining priorities for spending. It can be seen, in fact, that the 'funding gap' identified to date is far in excess of any finance that can be raised through CIL itself and it will be necessary to focus on a small number of schemes from the extensive list currently provided in the Addendum or to utilise CIL to 'top up' infrastructure funding that has been obtained from other sources.

The detailed work that has been carried out has necessitated some changes to the precise wording of the Reg. 123 list that was previously provided in the PDCS. These have been incorporated into the DCS that has been reproduced as **Appendix E**.

3.7.3 Lack of detail on processes for liaising and consulting with local communities and deciding on spending priorities.

Response: The Regulations set out that 15% of the CIL monies raised in a locality will be allocated to the town or community council in which the development takes place, provided that it meets the requirement to 'support the development of the area'. This is not to say that additional money will not be spent in that town or community council area. The amount to be spent in a locality will depend on the Council's priorities as set out in its Infrastructure Plan, which will be finalised in consultation with local communities. It would be hoped that the County Council and town and community councils would be able to align their priorities to ensure that the best use is made of available resources. A protocol for liaising and consulting with local communities and deciding on spending priorities will be developed as CIL is progressed. One option might be to enter into a formal agreement with a town or community Council. One of the advantages of such agreements is that the expertise of County Council officers could be utilised to make best use of resources, e.g. by assisting in drawing down match funding for community projects. Prior to the adoption of CIL, a protocol for liaising and consulting with local communities and deciding on spending priorities will be established. Further reports will be made to Members to seek agreement on the form of this protocol.

3.7.4 A need for the Council to set out its approach to CIL relief.

Response: The CIL Regulations make a number of provisions for charging authorities to give relief from the levy. Some of these exemptions are mandatory, including development for charitable purposes and social housing. Discretionary relief can be offered in exceptional circumstances where a specific scheme cannot afford to pay the levy. The powers to offer relief can be activated and deactivated at any point after the charging schedule is approved. At present, it is not intended to offer exceptional circumstances relief. It is considered that a rigorous process has been followed in



establishing the proposed CIL rate and if developers disagree with the proposed rates they will have the opportunity to challenge them at Examination.

### 3.8 Next steps.

3.8.1 Following the consultation, the next stage will be to submit the DCS for Examination, together with any representations received, in order that they can be considered by an independent inspector.

3.8.2 The Affordable Housing SPG referred to above also needs to be reported to Planning Committee, Cabinet and Council in order to seek the formal adoption of the document as SPG to support the Monmouthshire LDP. This SPG was not put forward for adoption at an earlier date in order to await the results of the revised CIL viability testing to enable Members to be made fully aware of the SPG's implications for CIL (and potentially the percentage of affordable housing that can be achieved under LDP policy). In this respect, the revised viability testing has not indicated any adverse impacts on viability arising from the policies set out in the SPG.

## 4. **REASONS:**

4.1 It is necessary for the Council to establish its position with regard to implementation of CIL to ensure that the potential for meeting infrastructure needs of communities through the implementation of the CIL Regulations is fully explored.

## 5. **RESOURCE IMPLICATIONS:**

Officer time and costs associated with developing CIL. These will be carried out by existing staff and within the existing budget, except for the likelihood that consultants will also be required as the CIL implementation process raises complex legal and technical issues (which will be subject to a formal public examination) that requires specialised assistance from experts in this field. It is envisaged that these additional costs will be met from the existing Development Plans Professional and Technical Fees budget line. New funding streams will arise from CIL if it is introduced as it will replace and supplement Section 106 funding in a number of areas.

## 6. **SUSTAINABLE DEVELOPMENT AND EQUALITY IMPLICATIONS:**

6.1 These were considered in the report that was presented to Council on 22 January 2015 (rearranged from 18 December 2014) and which is attached as **Appendix A**.

6.2 A Future Generations Evaluation is attached.

## 7. **CONSULTEES**

- Head of Planning
- Section 106 Working Party
- Economy & Development Select (15 October 2015 and 26 November 2015)
- Cabinet
- SLT
- Planning Committee (2 February 2016)
- Cabinet (3 February 2016)

## 8. **BACKGROUND PAPERS:**

- Monmouthshire Adopted LDP (February 2014)
- Monmouthshire County Council (MCC) Draft Infrastructure Plan (March 2013)
- MCC Draft CIL Guidance Note (September 2014)
- MCC CIL PDCS and Draft Regulation 123 List (September 2014)
- MCC CIL Viability Assessment (Three Dragons with Peter Brett Associates) (July 2014)

**9. AUTHOR & 10. CONTACT DETAILS:**  
Martin Davies (Planning Policy Manager).  
**Tel:** 01633 644826.  
**E Mail:** [martindavies@monmouthshire.gov.uk](mailto:martindavies@monmouthshire.gov.uk)



## Future Generations Evaluation ( includes Equalities and Sustainability Impact Assessments)

<p><b>Name of the Officer</b> completing the evaluation Martin Davies</p> <p><b>Phone no:</b> 01633 644826 <b>E-mail:</b> martin.davies33@btinternet.com</p>	<p><b>Please give a brief description of the aims of the proposal</b></p> <p>The Local Development Plan (LDP), which was adopted on 27 February 2014, sets out the Council's vision and objectives for the development and use of land in Monmouthshire, together with the policies and proposals to implement them over the ten year period to 2021. Community Infrastructure Levy (CIL) is a levy that is charged on new developments, to be used to support the funding of infrastructure that the community needs. The adoption of CIL, therefore, is a means of delivering the LDP.</p>
<p><b>Name of Service</b></p> <p>Planning Policy</p>	<p><b>Date Future Generations Evaluation</b> form completed</p> <p>14/11/2015</p>

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1. **Does your proposal deliver any of the well-being goals below?** Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal.

Well Being Goal	How does the proposal contribute to this goal? (positive and negative)	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<p><b>A prosperous Wales</b> Efficient use of resources, skilled, educated people, generates wealth, provides jobs</p>	<p><b>Positive:</b> CIL funding can help contribute to the provision of infrastructure to support development, improve general prosperity and improve education facilities.</p> <p><b>Negative:</b> None. The CIL charge has been established following extensive viability testing to</p>	<p><b>Better contribute to positive impacts:</b> Monitor the effectiveness of CIL spending on a regular basis and ensure it is subject to appropriate community consultation.</p> <p>.</p>




Well Being Goal	How does the proposal contribute to this goal? (positive and negative)	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
	ensure that the viability of development is not adversely affected.	<b>Mitigate any negative impacts:</b> Carry out regular review of land values and development costs to ensure viability of development not adversely affected.
<b>A resilient Wales</b> Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	<b>Positive:</b> CIL funding can be used to finance schemes promoting Green Infrastructure, Biodiversity etc.  <b>Negative:</b> None	<b>Better contribute to positive impacts:</b> Monitor the effectiveness of CIL spending on a regular basis and ensure it is subject to appropriate community consultation.
<b>A healthier Wales</b> People's physical and mental wellbeing is maximized and health impacts are understood	<b>Positive:</b> CIL funding can be used to finance schemes promoting walking and cycling, thereby promoting healthy living.  <b>Negative:</b> None	<b>Better contribute to positive impacts:</b> Monitor the effectiveness of CIL spending on a regular basis and ensure it is subject to appropriate community consultation.
<b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected	<b>Positive:</b> CIL funding can be used to finance the infrastructure to promote sustainable communities, including community and social facilities, open space, public transport, walking and cycling connections etc.  <b>None:</b> The CIL charge has been established following extensive viability testing to ensure that other LDP policies aimed at promoting community cohesiveness, particularly affordable housing are	<b>Better contribute to positive impacts:</b> Monitor the effectiveness of CIL spending on a regular basis and ensure it is subject to appropriate community consultation.  <b>Mitigate any negative impacts:</b> Carry out regular review of land values and development costs to ensure viability of development (and hence ability to provide affordable housing) is not adversely affected.



Well Being Goal	How does the proposal contribute to this goal? (positive and negative)	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
	not adversely affected,	
<p><b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing</p>	<p><b>Positive:</b> CIL supports the implementation of the LDP, the policies of which have been subject to a Sustainability Appraisal and Strategic Environmental Assessment to ensure that social, economic and environmental objectives are met, thereby contributing to sustainable development and global well-being.</p> <p><b>Negative:</b> None</p>	<p><b>Better contribute to positive impacts:</b> Monitor the effectiveness of CIL spending on a regular basis and ensure that any LDP revision is subject to appropriate Sustainability Appraisal and Strategic Environmental Assessment testing.</p>
<p><b>A Wales of vibrant culture and thriving Welsh language</b> Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation</p>	<p><b>Positive:</b> CIL funding can be used to support community and sporting facilities.</p> <p><b>Negative:</b> None</p>	<p><b>Better contribute to positive impacts:</b> Monitor the effectiveness of CIL spending on a regular basis and ensure it is subject to appropriate community consultation.</p>
<p><b>A more equal Wales</b> People can fulfil their potential no matter what their background or circumstances</p>	<p><b>Positive:</b> The LDP should bring positive benefits to all members of Monmouthshire's population through policies that seek to achieve the five main aims of the Welsh Spatial Plan, namely Building Sustainable Communities, Promoting a Sustainable Economy, Valuing our Environment, Achieving Sustainable Accessibility and Respecting Our Environment. All the policies of the plan have been subject to a Sustainability Appraisal that measures their performance against sustainability objectives, including such matters as providing equitable access to jobs, services and facilities, allowing all people to meet their housing</p>	<p><b>Better contribute to positive impacts and mitigation of negative impacts:</b> Monitor the effectiveness of CIL spending on a regular basis and ensure it is subject to appropriate community consultation and equality and sustainability impact assessments.</p>

Well Being Goal	How does the proposal contribute to this goal? (positive and negative)	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 110</p>	<p>needs, protecting people from health risk and providing opportunities for healthy lifestyles, supporting all members of the community and promoting community cohesion. The adoption of CIL is a means of supporting and delivering the LDP. There are a number of exemptions to the CIL charge, including, for example, that it does not apply to affordable housing, development used for charitable purposes, self-build dwellings and residential annexes/extensions, so national legislation itself includes provision for measures that avoid a number of potential adverse impacts on groups with protected characteristics.</p> <p><b>Negative:</b> Decisions on how to prioritise the spending of CIL receipts could potentially have implications for groups with protected characteristics. The present stage of the process, however, does not seek to establish such priorities but is the first step in establishing a CIL charging schedule. Spending decisions will need to be subject to separate EQIAs.</p>	

**2. How has your proposal embedded and prioritised the sustainable governance principles in its development?**

Sustainable Development Principle	How does your proposal demonstrate you have met this principle?	What has been done to better to meet this principle?

Sustainable Development Principle	How does your proposal demonstrate you have met this principle?	What has been done to better to meet this principle?
 <p>Balancing short term need with long term and planning for the future</p>	<p>The LDP covers the period 2011-21. CIL supports the implementation of the LDP. By its nature, therefore, it cannot look beyond the next five year period but the SA/SEA of the LDP would have ensured consideration of the impact on future generations.</p>	<p>Ensure that the LDP and its policies have been subject to SA/SEA.</p>
 <p>Working together with other partners to deliver objectives</p>	<p>The previous stage of the CIL process has been subject to a public consultation, targeted to those who are considered to have a specific interest in the topic but also including all town and community councils, notices in the press. Individuals and organisations currently on the LDP consultation data base have been given the opportunity to request to be notified of the CIL process should they wish.</p>	<p>Similar consultation will be carried out on the next stage of the process. Processes will be put in place to ensure community groups etc. will be consulted on how CIL money is spent.</p>
 <p>Involving those with an interest and seeking their views</p>	<p>The previous stage of the CIL process has been subject to a public consultation, targeted to those who are considered to have a specific interest in the topic but that will also including all town and community councils, notices in the press. Individuals and organisations currently on the LDP consultation data base have been given the opportunity to request to be notified of the CIL process should they wish. The Development Industry, in particular, will be affected by the implementation of CIL and it has been consulted on the CIL charge and will be consulted on future stages, including the right to be heard at a public examination by an independent inspector.</p>	<p>Similar consultation will be carried out on the next stage of the process. Processes will be put in place to ensure community groups etc. will be consulted on how CIL money is spent.</p>

Sustainable Development Principle	How does your proposal demonstrate you have met this principle?	What has been done to better to meet this principle?
 <p><b>Prevention</b> Putting resources into preventing problems occurring or getting worse</p>	N/A	N/A
 <p><b>Integration</b> Positively impacting on people, economy and environment and trying to benefit all three</p>	CIL supports the implementation of the LDP which has been subject to a Sustainability Assessment that balances the impacts on Social, Economic and Environmental factors.	CIL supports the implementation of the LDP which has been subject to a Sustainability Assessment that balances the impacts on Social, Economic and Environmental factors.

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**Are your proposals going to affect any people or groups of people with protected characteristics?** Please explain the impact, the evidence you have used and any action you are taking below.

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?



Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
<p><b>Positive:</b> The LDP should bring positive benefits to all members of Monmouthshire’s population through policies that seek to achieve the five main aims of the Welsh Spatial Plan, namely Building Sustainable Communities, Promoting a Sustainable Economy, Valuing our Environment, Achieving Sustainable Accessibility and Respecting Our Environment. All the policies of the plan have been subject to a Sustainability Appraisal that measures their performance against sustainability objectives, including such matters as providing equitable access to jobs, services and facilities, allowing all people to meet their housing needs, protecting people from health risk and providing opportunities for healthy lifestyles, supporting all members of the community and promoting community cohesion. The adoption of CIL is a means of supporting and delivering the LDP. There are a number of exemptions to the CIL charge, including, for example, that it does not apply to affordable housing, development used for charitable purposes, self-build dwellings and residential annexes/extensions, so national legislation itself includes provision for measures that avoids a number of potential adverse impacts on groups with protected characteristics.</p> <p><b>Negative:</b> Decisions on how to prioritise the spending of CIL receipts could potentially have implications for groups with protected characteristics. The present stage of the process, however, does not seek to establish such priorities but is the first step in establishing a CIL charging schedule. Spending decisions will need to be subject to separate EQIAs.</p> <p><b>Mitigation:</b> Monitor the effectiveness of CIL spending on a regular basis and ensure it is subject to appropriate community consultation and equality and sustainability impact assessments.</p>			
Age	See above	See above	See above
Disability	See above	See above	See above
Gender reassignment	See above	See above	See above
Marriage or civil partnership	See above	See above	See above
Race	See above	See above	See above
Religion or Belief	See above	See above	See above
Sex	See above	See above	See above

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Sexual Orientation	See above	See above	See above
Welsh Language	See above	See above	See above

4. Council has agreed the need to consider the impact its decisions has on important responsibilities of Corporate Parenting and safeguarding. Are your proposals going to affect either of these responsibilities? For more information please see the guidance <http://hub/corporatedocs/Democratic%20Services/Safeguarding%20Guidance.docx> and for more on Monmouthshire's Corporate Parenting Strategy see <http://hub/corporatedocs/SitePages/Corporate%20Parenting%20Strategy.aspx>

	Describe any positive impacts your proposal has on safeguarding and corporate parenting	Describe any negative impacts your proposal has on safeguarding and corporate parenting	What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?
Safeguarding	N/A	N/A	
Corporate Parenting	N/A	N/A	

5. What evidence and data has informed the development of your proposal?

- Page 115
- Monmouthshire Local Development Plan 2011-2021**  
This is the adopted development plan for Monmouthshire (excluding that part of the County within the Brecon Beacons National Park) which sets out the development framework for the County until 2021.
  - Monmouthshire County Council CIL Viability Assessment – Viability Evidence for Development of a Community Infrastructure Levy Charging Schedule (Three Dragons with Peter Brett Associates, July 2014)**  
This is a comprehensive viability assessment which has provided the Council with evidence to inform the Preliminary Draft Charging Schedule.
  - Monmouthshire County Council CIL Viability Assessment - Updated Viability Evidence for Development of a Community Infrastructure Levy Charging Schedule (Three Dragons, September 2015, Draft Report).**
  - Monmouthshire County Council CIL Viability Assessment - Addendum – Update of Non-Residential Viability Assessment (Peter Brett, September 2015).**
  - Monmouthshire Draft Infrastructure Plan (March 2013)**  
This sets out the requirements, phasing and costs and funding of infrastructure necessary to support the delivery of the LDP. It lists the infrastructure necessary for delivering the LDP strategic sites (annex 1) together with potential 'place-making' and other infrastructure projects by settlement (annex 2).
  - Monmouthshire Infrastructure Plan – Addendum November 2015**  
This provides an updated indicative list of infrastructure schemes that fall within the Regulation 123 List categories, that are necessary to support

development proposed in the Monmouthshire LDP and which could be funded, wholly or partly, through CIL.

**6. SUMMARY: As a result of completing this form, what are the main positive and negative impacts of your proposal, how have they informed/changed the development of the proposal so far and what will you be doing in future?**

The positive impact of this proposal is that it raises finance to provide infrastructure to support the implementation of the Monmouthshire LDP and meet the social, economic and environmental objectives of the plan.

Potential negative impacts would only occur if viability of development was adversely affected by CIL and extensive viability testing, monitoring and review is undertaken to ensure that this does not happen.

Future stages of the implementation of CIL will be subject to appropriate consultation and decisions taken on how CIL is spent in particular will be subject to engagement with the local community.

**7. Actions. As a result of completing this form are there any further actions you will be undertaking? Please detail them below, if applicable. N/A**

What are you going to do	When are you going to do it?	Who is responsible	Progress

**8. Monitoring: The impacts of this proposal will need to be monitored and reviewed. Please specify the date at which you will evaluate the impact, and where you will report the results of the review.**

The impacts of this proposal will be evaluated on:	An annual basis following adoption of CIL. Reports will be made to Council, Welsh Government and be publicly available.
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## APPENDIX A

**SUBJECT: MONMOUTHSHIRE LOCAL DEVELOPMENT PLAN: COMMUNITY INFRASTRUCTURE LEVY**  
**MEETING: FULL COUNCIL**  
**DATE: 18 DECEMBER 2014**  
**DIVISION/WARDS AFFECTED: ALL**

### 1. PURPOSE:

- 1.1 The purpose of this report is to advise Council of progress made on preparatory work for a Community Infrastructure Levy (CIL) and to seek endorsement of a Preliminary Draft Charging Schedule (PDCS), with a view to issuing for consultation purposes.

### 2. RECOMMENDATIONS:

- 2.1 Council notes the contents of this report on the preparatory work being undertaken on CIL and endorses the PDCS, with a view to issuing for consultation purposes.

### 3. KEY ISSUES:

#### 3.1 The Community Infrastructure Levy (CIL).

CIL is a new levy that local authorities (LA) in England and Wales can choose to charge on new developments in their area. The money can be used to support development by funding infrastructure that the local community needs. It applies to most new buildings and charges are based on the size and type of the new development. The CIL regulations came into force on 6 April 2010. However, liability to pay CIL for a development will not arise until the LA has implemented a charging schedule (which has to be based on an up-to-date development plan, i.e. a Local Development Plan (LDP), and is subject to consultation). A guidance note describing how CIL operates is attached as **Appendix A**.

- 3.2 It was resolved at a meeting of Full Council on 27 June 2013 to commence preparatory work for CIL with a view to adopting a CIL charge as soon as is practicable following adoption of the Monmouthshire LDP. Subsequently, the LDP was adopted on 27 February 2014.

- 3.3 A PDCS (attached as **Appendix B**) has been prepared for consultation purposes. The Charging Schedule has to undergo two rounds of public consultation and a likely Examination in Public. The current timetable (if Council agrees to the implementation of CIL) envisages adoption of CIL in September 2015, although some aspects of the process, such as the appointment of an inspector for the public examination, are not in the Council's control.

- 3.4 There are two elements to the production of a CIL charging schedule – a viability assessment and an infrastructure assessment. A study has been undertaken (attached as **Appendix C**) to establish the levels of CIL that are feasible because a CIL charge should not affect scheme viability and prevent development coming forward in an area. CIL is paid as so much per square metre. In Monmouthshire CIL will mainly be applied to residential development, as out-of-town retail schemes are the only non-residential developments on which it is feasible to charge. The proposed charges will vary by area/type of development and are set out in detail in the PDCS. As an illustration, on a 'typical' three bedroom semi-detached house the proposed charges would be £4,800 on strategic sites and small sites in Severnside and £8,800 on most other sites in Monmouthshire.

3.5 LAs are required to undertake an infrastructure assessment to identify the need for and cost of infrastructure to support the level of development set out in the LDP. As part of this process a Draft Infrastructure Plan was prepared to support the LDP at Examination and was reported to Council at its meeting on 27 June 2013. CIL will replace a substantial element of the funding currently received from Section 106 Agreements, although Section 106 funding will still be required for infrastructure necessary to ensure that a development comes forward (e.g. access improvements), on-site provision of play facilities and affordable housing. One advantage of CIL is that, unlike Section 106, it does not have to be spent directly on matters necessary to implement a specific planning permission but can also be used on a more strategic basis to provide infrastructure in a wider area. The items on which the Council intends to spend CIL funding on would need to be specified in a 'Regulation 123 list'. This can be varied over time according to Council priorities and would be based on an Infrastructure Plan that sets out the items that are considered necessary to implement the LDP (other than those that are specific to a particular site). These can include more general 'place-making' schemes that support the growth proposed in the LDP. At present, it is being suggested that the Reg.123 list (as set out in the PDCS) includes sustainable transport improvements, upgrade/provision of broadband connectivity, town centre improvements, education, strategic sports/adult recreation facilities and strategic green infrastructure, but this is for the Council to establish according to its priorities. At examination the charging authority should set out a draft list of projects or types of infrastructure that are to be funded in part in whole or in part by the levy. Any amendments to this list after examination will need to be consulted upon. Provided there is agreement on the broad categories of infrastructure to be supported by CIL prior to examination then it should be possible to refine a list of specific projects within these categories as part of an infrastructure planning process that includes, for example, links with Whole Place Plans, Town Teams etc. to determine what matters to communities in terms of infrastructure provision. In this respect, further reports will be made to Members in order to establish the procedures for allocating CIL monies and determining priorities for spending.

3.6 Landowners become liable for CIL when planning permission is granted and it is payable (not necessarily by the landowner as the liability can be transferred) when a development commences, although it is possible for payments to be made on an instalment basis. Planning permissions granted before CIL becomes operational, therefore, will not be liable to the charge but will still be subject to Section 106 requirements. However, the overall potential funding stream is slightly less under Section 106s because CIL brings all residential development, down to a single dwelling (although self-builders are excluded), into the charging regime. In addition, after 1 April 2015 no more than five Section 106 agreements can be used to fund a single piece of infrastructure.

3.7 'Meaningful amount' for local communities.

The Localism Act 2011 introduced a power to require local authorities in England and Wales to pass a 'meaningful' proportion of the CIL receipts to neighbourhoods. Contained within the 2011 Act was a definition of neighbourhoods, which applies to England only. In Wales the Welsh Government issued a letter on 8 April 2013 stating that for the purposes of receiving a proportion of CIL receipts, the equivalent definition is a Community Council. In terms of defining a 'meaningful' amount the letter states that 15% of CIL revenues 'should be passed to Community Councils'. The letter goes on to state that 'where the community council does not have the capacity to identify, spend and account for the receipt of such funds, the charging authority [the County Council] will retain the funds but will be required through statutory guidance to engage with community councils where development has taken place to agree how best to spend the funding'. The relevant regulation states 'In Wales, where all or part of a chargeable development is within the area of a community council, then ... the



charging authority must pass 15 per cent of the relevant CIL receipts to that community council'. The part of the levy that is passed to a community council must be spent to 'support the development of the area'. Guidance on this matter recommends that once the levy is in place town and community councils 'should work closely with their neighbouring councils and the charging authority to agree on infrastructure spending priorities'. The guidance also indicates that if the town or community council 'shares the priorities of the charging authority, they may agree that the charging authority should retain the neighbourhood funding to spend on that infrastructure', also suggesting that this infrastructure (e.g. a school) may not necessarily be in the town or community council area but will support the development of the area.

#### **4. REASONS:**

4.1 It is necessary for the Council to establish its position with regard to implementation of CIL to ensure that the potential for meeting infrastructure needs of communities though the implementation of the CIL Regulations is fully explored.

#### **5. RESOURCE IMPLICATIONS:**

Officer time and costs associated with developing CIL. These will be carried out by existing staff and within the existing budget, except for the likelihood that consultants will also be required as the CIL implementation process raises complex legal and technical issues (which are likely to be subject to a formal public examination) that requires specialised assistance from experts in this field. It is envisaged that these additional costs will be met from the existing Development Plans Professional and Technical Fees budget line. New funding streams will arise from CIL if it is introduced as it will replace and supplement Section 106 funding in a number of areas.

#### **6. SUSTAINABLE DEVELOPMENT AND EQUALITY IMPLICATIONS:**

##### **6.1 Sustainable Development**

The adoption of CIL will be a means of supporting and delivering the LDP. An integrated equality and sustainability impact assessment was carried out in relation to the LDP as a whole. Under the Planning Act (2004), the LDP was required, in any event, to be subject to a Sustainability Appraisal (SA). The role of the SA was to assess the extent to which the emerging planning policies would help to achieve the wider environmental, economic and social objectives of the LDP. The LPA also produced a Strategic Environmental Assessment (SEA) in accordance with the European Strategic Environment Assessment Directive 2001/42/EC; requiring the '*environmental assessment*' of certain plans and programmes prepared by local authorities, including LDP's. All stages of the LDP were subject to a SA/SEA, therefore, and the findings of the SA/SEA were used to inform the development of the LDP policies and site allocations in order to ensure that the LDP would be promoting sustainable development. CIL is supporting these existing LDP policies, which were prepared within a framework promoting sustainable development.

##### **6.2 Equality**

6.2.1 The LDP was also subjected to an Equality Challenge process and due consideration given to the issues raised. As with the sustainable development implications considered above, CIL is supporting these existing LDP policies, which were prepared within this framework.

#### **7. CONSULTEES**

- Head of Planning
- Section 106 Working Party
- Economy and Development Select (16 October 2014)
- Cabinet

- SLT
- Planning Committee (4 November 2014)

#### Consultation Responses

The minutes of the Economy and Development Select meeting on 16 October 2014 were not available at the time of the preparation of this report. Two main points of concern, however, appeared to be the lack of clarity at this stage on the processes that would be followed in allocating CIL monies and determining priorities for spending and on the way in which the 15% funding for community councils would be dealt with. In order to address these points, additional sentences have been added to the end of paragraph 3.5 and an additional paragraph 3.7 added entitled ‘Meaningful amount’ for local communities’.

#### **8. BACKGROUND PAPERS:**

- Monmouthshire Adopted LDP (February 2014)
- Monmouthshire County Council Draft Infrastructure Plan (March 2013)

#### **8. AUTHOR & 10. CONTACT DETAILS:**

Martin Davies (Development Plans Manager).

**Tel:** 01633 644826.

**E Mail:** [martindavies@monmouthshire.gov.uk](mailto:martindavies@monmouthshire.gov.uk)

## Community Infrastructure Levy Preliminary Draft Charging Schedule Draft Report of Consultation - October 2015

Respondent Number	10	Representation Number	1
Respondent Name	Mr Roy Nicholas, Clerk/Proper Officer		
Respondent Organisation	Llangattock Vibon Avel Community Council		
Summary of Response	Answered 'Yes' to questions on representation form, indicating agreement with approach taken.		
Requested Change	N/A		
LPA Response	Agreement noted.		
Recommendation	No change necessary.		

Respondent Number	113	Representation Number	1
Respondent Name	Henry Hodges (Secretary)		
Respondent Organisation	The Chepstow Society		
Summary of Response	No objection with the methodology or the charges proposed. However, concern that there is no proposal to consult on how the funds would be used and shared with authorities / community bodies. Nor does there seem to be any mechanism proposed to explain why one particular scheme or development is preferred to another. The arbitrary use of S106 funds has been controversial in the past and these new regulations do no offer any solution.		
Requested Change	Clarification sought on the issues raised.		
LPA Response	The Regulations set out that 15% of the CIL monies raised in a locality will be allocated to the town or community council in which the development takes place, provided that it meets the requirement to 'support the development of the area'. This is not to say that additional money will not be spent in that town or community council area. The amount to be spent in a locality will depend on the Council's priorities as set out in its Infrastructure Plan, which will be prepared in consultation with local communities. It would be hoped that the County Council and Town and Community Councils would be able to align their priorities to ensure that the best use is made of available resources. A protocol for liaising and consulting with local communities and deciding on spending priorities will be developed as CIL is progressed.		
Recommendation	Prior to the adoption of CIL, develop a protocol for liaising and consulting with local communities and deciding on spending priorities.		

Respondent Number	117	Representation Number	1
Respondent Name	Rachael Bust		
Respondent Organisation	The Coal Authority		
Summary of Response	No specific comments.		
Requested Change	N/A		
LPA Response	Noted.		
Recommendation	No change necessary.		

Respondent Number	144	Representation Number	1
Respondent Name	Shirely Rance		
Respondent Organisation	HSE		
Summary of Response	No comments at this stage.		
Requested Change	N/A		
LPA Response	Noted.		
Recommendation	No change necessary.		

Respondent Number	148	Representation Number	1
Respondent Name	David Cummings (Chairman)		
Respondent Organisation	Monmouth and District Chamber of Trade and Commerce		
Summary of Response	<p>Concern that the proposed CIL rates for commercial development do not cover A3 uses at all (only A1 uses in out-of-centre locations), with specific reference to the proposed Dixton Roundabout development in Monmouth. The Chamber is a business organisation and has no views on the proposed CIL rates for residential development.</p>		
Requested Change	<p>Consider that the same rules and levy should apply to A3 uses outside the defined town centre retail area. Although this should not apply to restaurants which are an integral part of a new hotel.</p>		
LPA Response	<p>Two extra development types have been tested in order to address the issue raised in this representation. The new typologies tested A3 units (restaurants, cafes, takeaways etc.), one located in a town centre and the other in out of town locations. The results of this testing (as set out in the Non-Residential Addendum, September 2015) show that A3 uses would not be viable with the proposed retail rate for out of centre uses and it is therefore seeking to reclassify the retail CIL charges. The proposed CIL rate for retail development out of centre will only apply to A1 and this will be made clear in the charging schedule. All other forms of retail development will be zero rated.</p>		
Recommendation	No change required.		

Respondent Number	154	Representation Number	1
Respondent Name	Lisa Bullock		
Respondent Organisation	Network Rail		
Summary of Response	<p>Response not a 'duly made' representation as received outside the consultation period. The following comments, however, have been noted: Network Rail believes that developments on the railway infrastructure should be exempt from CIL or that its development should at least be classified as payments in-kind.</p> <p>Network Rail would like to seek a clear definition of buildings in the draft charging schedule. Railway stations are open-ended gateways to railway infrastructure and should not be treated as buildings. Likewise lineside infrastructure used to operate the railway (such as sheds, depot buildings etc) should be classed as railway infrastructure and not treated as buildings for the purposes of the charging schedule.</p> <p>Network Rail would like confirmation that its developments over 100sqm undertaken using our Permitted Development Rights will not be CIL chargeable.</p> <p>We consider that imposing a charge on one infrastructure project to pay for another in an inefficient way of securing funding</p> <p>A requirement for development contributions to deliver improvements to the rail network where appropriate.</p> <p>A requirement for Transport Assessments to take cognisance of impacts to existing rail infrastructure to allow any necessary developer contributions towards rail to be calculated.</p> <p>A commitment to consult Network Rail where development may impact on the rail network and may require rail infrastructure improvements. In order to be reasonable these improvements would be restricted to a local level and would be necessary to make the development acceptable. We would not seek contributions towards major enhancement projects which are already programmed as part of Network Rail's remit.</p>		
Requested Change	N/A		
LPA Response	<p>Comments noted. There is no intention to charge CIL on railway infrastructure buildings. These are 'sui generis' uses not appropriate for viability testing. Consultation with Network Rail is carried out on an application by application basis and any implications for its infrastructure etc. taken into account. Network Rail is also a consultee on the Local Development Plan. There is potential for some railway related infrastructure to be funded through CIL as sustainable transport measures (e.g. railway stations, park and ride facilities etc.) and this can be taken into consideration in the preparation of the Regulation 123 List and Infrastructure Plan.</p>		
Recommendation	No change necessary.		

Respondent Number	196	Representation Number	1
Respondent Name	Sacha Rossi		
Respondent Organisation	NATS Ltd (Safeguarding Office)		
Summary of Response	No comments.		
Requested Change	N/A		
LPA Response	Noted.		
Recommendation	No change necessary.		

Respondent Number	200	Representation Number	1
Respondent Name	Scott Caldwell (Savills)		
Respondent Organisation	Home Builders Federation and Consortium of Housebuilders		
Summary of Response	<p>Concerned that the viability evidence which has informed the PDCS is not founded on 'appropriate available evidence' as required under Section 211(7a) of the Planning Act. Disagree with certain assumptions in the viability report. Although content that for testing purposes it is appropriate to adopt a notional 1 hectare site, the appraisals must consider likely costs associated with delivery of larger site to ensure the assessment adequately reflects current practice. Tested a number of the notional 1 hectare site and consider that the maximum level of CIL in each case is approximately half the maximum figure identified within the viability report for each typology prior to the application of any viability buffer. Also concerned that adopting higher density scenarios of 40/50 dph in the testing is unrealistic and 'inflates' the overall results within the assessment. Note that 6 of the 7 Severnside typologies tested are unable to support CIL rate of £60 per sq m which suggests that a significant proportion of development in Severnside will be unviable with £60 per sq m CIL rate.</p>		
Requested Change	Proposed CIL rate in Severnside needs to be reviewed to ensure that development in this location can be supported.		
LPA Response	<p>Viability testing uses notional 1 ha sites to explore differences between densities and value areas. This testing identifies a range of development types (not in conflict with LDP policy) that would be viable. Testing also includes case studies based on the strategic sites identified in the LDP, including the known costs associated with them. Some development may be higher density and therefore it is appropriate to test a range of densities. In the July 2014 testing, the report explained that some Severnside small case studies based on a standard mix of dwellings were not able to support the PCDS CIL rate, although alternative dwelling mixes with only detached houses were able to support the proposed CIL rates. The revised viability report has identified that sites in Severnside can support a CIL rate so the change requested by the representor is no longer needed.</p>		
Recommendation	Consider the findings of the updated viability report.		

Respondent Number	200	Representation Number	2
Respondent Name	Scott Caldwell (Savills)		
Respondent Organisation	Home Builders Federation and Consortium of Housebuilders		
Summary of Response	Affordable Housing - inconsistent approach between the viability assessment and Draft Affordable Housing SPG which could potentially impact on the outcomes of the viability of the tested scenarios. i.e. the viability reported calculates the value of affordable housing based on a capitalisation of the social rent/intermediate rent receivable whereas the SPG is based on Acceptable Cost Guidance.		
Requested Change			
LPA Response	The inconsistency between the assumptions used in the initial viability testing and the policies set out in the Draft Affordable Housing SPG is acknowledged. Revised viability testing has been carried out to remedy this.		
Recommendation	Take into account the results of the revised viability testing in preparing the Draft Charging Schedule.		

Respondent Number	200	Representation Number	3
Respondent Name	Scott Caldwell (Savills)		
Respondent Organisation	Home Builders Federation and Consortium of Housebuilders		
Summary of Response	Residential Sales Values: Content that the assessment of market value is broadly representative of MV in the locations where development is likely to take place. However, there is significant value differential between 3 bedroom detached and 4 bedroom detached dwellings. Also question the premium of 25% to properties with good river views, the basis of which is untested - no local evidence to support this premium e.g. Chepstow		
Requested Change	Recommend that any appropriate mix includes a further 4 bedroom smaller detached category with a net sales area in the order of 1,250 sq ft.		
LPA Response	House prices have been reviewed as part of the September 2015 Refresh. This has used a greater emphasis on £/sq m, which addresses the issue of variations in size within different dwelling types. The principle of a waterside premium is well established, with recent evidence set out in the Knight Frank report cited in the report. The CIL viability testing has used a very conservative interpretation of this research, with about half the suggested up lift applied to 25% of the site. In addition, the asking prices on the adjacent Severn Quays waterside site demonstrate a premium over standard Chepstow values.		
Recommendation	No change.		



Respondent Number 200 Representation Number 4

Respondent Name Scott Caldwell (Savills)

Respondent Organisation Home Builders Federation and Consortium of Housebuilders

Summary of Response Benchmark Land Values:

(1) Concern that the viability report does not distinguish between small scale and large scale development sites. Developments of scale will have significant infrastructure requirements and greater delivery risks/complications than smaller scale developments and this will be reflected in land value. However, distinguishing between brownfield and greenfield sites is less appropriate in most circumstances as the costs of bringing services/infrastructure to greenfield developments and dealing with ground treatment are mostly similar in terms of cost to the demolition/remediation associated with brownfield opportunities.

(2) Also consider benchmark land values used in the report to be low especially for greenfield sites. A multiplier of 20 times agricultural value is too low as confirmed in a recent planning appeal decision. Evidence is provided on recent land sales to support representor's position.

Requested Change (1) Need to distinguish between large strategic development opportunities and those smaller development opportunities in assessing benchmark land values.

(2) Market value should be used as the basis of benchmark land values wherever possible. Greenfield benchmark land values should be revised to £500,000 per hectare.

LPA Response

It is not correct to state that the Viability Report does not distinguish between large and small sites. The viability testing includes case studies from 3 to 450 dwellings. Larger case studies (representing strategic sites) are considered in detail and used land value benchmarks appropriate for these sites. The testing of strategic sites case studies includes estimates of additional opening up costs as well as site specific infrastructure costs. The additional opening up costs are applied to both brownfield and greenfield sites to reflect the different requirements for different types of site i.e. servicing greenfield sites or standard site preparation for brownfield sites. Extraordinary site costs beyond these allowances and outside s106/policy requirements are expected to be revealed as part of due diligence and factored into site specific land price negotiations. The appeal referred to is Pinn Court Farm. Appeals are determined on the basis of the evidence specific to the appeal and findings do not necessarily apply in other situations. For example, in that case the Secretary of State suggested a minimum value for the land concerned, yet the appellants' own viability study showed that less than half the amount was considered acceptable.

The uplift from agricultural values is in line with guidance and the setting of the benchmarks also included a review of land values research, consultation with the development industry and Land Registry information. The benchmark land values used for Monmouthshire are higher than those found sound in Caerphilly and Merthyr Tydfil. The representor has provided evidence of land values in Newport and for schemes with no affordable housing which we do not consider provide more appropriate evidence than that provided by Land Registry for Monmouthshire. It is difficult to comment on the land value for the one Monmouthshire scheme shown (Table 3,

Monmouth) but it is not considered this one site should be used to set a local authority wide threshold. Furthermore, in addition to the 2012 Local Housing Delivery Group guidance on using a premium over existing use, the recent RICS research (Financial Viability Appraisal in Planning Decisions: Theory and Practice, 2015) firmly advises against the use of market value as a mechanism for estimating benchmarks.

Recommendation

No change.

Respondent Number

200

Representation Number

5

Respondent Name

Scott Caldwell (Savills)

Respondent Organisation

Home Builders Federation and Consortium of Housebuilders

Summary of Response

Build Costs:

(1) Agree with use of BCIS cost data in assessing build costs but costs have increased since July 2014 and information should be updated.

(2) No allowance for circulation space within flats i.e. additional 17-18% of the GIA to which CIL would be applicable. Also no allowance for garages in either the build costs or floorspace. This is important as CIL is chargeable on GIA which includes garages - failure to include this could result in over-estimation of site's capacity to support CIL.

Requested Change

(1) Update build cost information in the viability report with the latest BCIS cost data.

(2) Confirm what allowance has been made for circulation space within flats and for the provision of garages.

LPA Response

(1) Agreed. Retesting has been carried using updated BCIS data. The revised viability testing includes updated BCIS data. Guidance requires the use of current values and costs, with no opportunity to utilise forecasts.

(2) The September 2015 refreshed testing also includes circulation for flats at 10%. This is an appropriate proportion for 1-2 storey flats. It should be noted that there is no policy requirement for garages and that there is an expressed preference for car ports instead (MCC, 2013, Domestic Garages SPG). However, the relatively generous build costs provided by BCIS together with the allowance for external works will encompass the cost of providing garages on a proportion of dwellings if developers choose to make this provision.

Recommendation

Take into account the results of the revised viability testing in preparing the Draft Charging Schedule.

Respondent Number	200	Representation Number	6
Respondent Name	Scott Caldwell (Savills)		
Respondent Organisation	Home Builders Federation and Consortium of Housebuilders		
Summary of Response	<p>Site Opening Up Costs: Opening up costs are applicable to all development sites - not just strategic sites. Allowance for strategic infrastructure and utility costs as set out in the advice note for planning practitioners by the Local Housing Delivery Group chaired by Sir John Harman is typically in the order of £17-23k per plot. Dispute the opening up costs used in the report (£100,000 per hectare and 15% allowance on BCIS costs for external works) as being significantly lower than is appropriate based on the evidence provided (A table is provided giving recent evidence of site opening up costs).</p>		
Requested Change	<p>An allowance of £500,000 per hectare or £15,000 per plot is more reflective of average opening up costs.</p>		
LPA Response	<p>The ""opening up cost"" examples provided by the representor relates to items that the viability testing includes within external works, opening up costs and site specific infrastructure, and therefore a like for like comparison cannot be made. Instead the following should be considered:</p> <p>The testing includes an allowance for external works at 15% of build cost. For a 'typical' 95 sq m dwelling this is c.£14,150. This is to cover standard site preparation and the provision of services within the site to the build plots, as well as frontage roads and landscaping etc. For larger sites it is recognised that additional costs may be incurred and additional costs of £100,000/net ha are allowed for. At 30 dph this is £3,300 per dwelling. Taken with the £14,150 above, the combined amount of c.£17,450 is in excess of the suggested £15,000 per dwelling. The additional opening up costs are applied to both brownfield and greenfield sites to reflect the different requirements for different types of site i.e. servicing greenfield sites or standard site preparation for brownfield sites. In addition site specific infrastructure was included in the testing such as £17,000/dwelling for SAH1 Deri Farm (taking the total to £33,840/dwelling), £10,300/dwelling for SAH3 Fairfield Mabey (taking the total to £27,140/dwelling) and so on. Therefore both the standard and strategic sites case studies include a generous allowance for items described by the representor as ""opening up costs".</p> <p>Extraordinary site costs beyond these allowances and outside s106/policy requirements are expected to be revealed as part of due diligence and factored into site specific land price negotiations. "Opening up cost" examples provided by Savills include items such as mine workings and demolition/asbestos, which clearly are items to factor into land price negotiations, not opening up costs.</p>		
Recommendation	No change.		

Respondent Number	200	Representation Number	7
Respondent Name	Scott Caldwell (Savills)		
Respondent Organisation	Home Builders Federation and Consortium of Housebuilders		
Summary of Response	Developer Profit: question the developer operating and gross margin figures used in the report (a range of supporting evidence is provided). Note that a minimum developer margin of 20% of GDV was supported in a number of appeal decisions (The Manor, Shinfield, Lydney)		
Requested Change	Minimum profit level used within viability testing should be a blended rate of 20% on GDV plus 25% Return on Capital Employed (ROCE) across all tenures, subject to consideration of the risk profile of the scheme. The reference to ROCE is particularly important on large capital intensive schemes - in these cases the relevant rate for site specific appraisal is an Internal Rate of Return (IRR) of at least 25%.		
LPA Response	<p>The developer returns of 20% for market housing and 6% for affordable housing were discussed in the developer workshop in March 2014. This discussion also noted that Savills had agreed 6% return for affordable housing as a statement of common ground for the Caerphilly CIL and it is unclear why this should be different in Monmouthshire. 20% return for market housing and 6% return for affordable are commonly accepted at recent CIL examinations e.g. Wigan August 2015, Southend on Sea April 2015. The issue for profit benchmarks is determining an acceptable return for the likely risk, which is why a higher rate is required for market housing than the affordable housing, with sale agreed before construction. This required return against risk should not be conflated with the justifiable but entirely separate consideration of developers maximising returns for investors. It should be noted that BCIS figures for build cost also include a contractor return, which in effect pushes up the overall return beyond the 20% and 6% used here. We note that the house builders operating returns have generally been below 20% since before the recession. The use of IRR as a measure instead of profit on GDV has been discussed at a number of forums (e.g. RICS seminar on Development Viability Appraisal, September 2015) but has not been accepted as the preferred measure. Generally, IRR is a corporate finance tool used to compare the attractiveness of different projects with different timings of investment and return. In its standard form it does not produce a useful output for a residual land value appraisal, partly as land price is an input, not an output. Issues with IRR include no accepted benchmarks for acceptable IRR (Savills have provided no justification for requiring a 25% IRR), sensitivity to small changes in assumed inputs, lack of agreed information on inputs, lack of transparency and an impression of spurious accuracy. Three Dragons has undertaken separate consultation with housebuilders in 2012/13 about the use of IRR as a measure and this failed to show any compelling case to use it against the more widely understood return on value. Importantly, the Three Dragons Toolkit used for undertaking the viability appraisals in Monmouthshire includes a discounted cash flow function, and this is already used for the testing of the larger case studies. This explicitly takes account of investment and returns over time within the framework of a residual land appraisal.</p>		
Recommendation	No change.		

Respondent Number	200	Representation Number	8
Respondent Name	Scott Caldwell (Savills)		
Respondent Organisation	Home Builders Federation and Consortium of Housebuilders		
Summary of Response	CIL Regulations outline that the offer of relief is discretionary on the charging authority - consider it imperative that MCC make relief available when CIL is adopted. This will ensure that the overall delivery of housing including affordable housing provision is not compromised by CIL		
Requested Change	The Council should clearly outline its approach to CIL relief in conformity with the Regulations.		
LPA Response	The CIL Regulations make a number of provisions for charging authorities to give relief from the levy. Some of these exemptions are mandatory, including development for charitable purposes and social housing. Discretionary relief can be offered in exceptional circumstances where a specific scheme cannot afford to pay the levy. The powers to offer relief can be activated and deactivated at any point after the charging schedule is approved. At present, it is not intended to offer exceptional circumstances relief. It is considered that a rigorous process has been followed in establishing the proposed CIL rate and if developers disagree with the proposed rates they will have the opportunity to challenge them at Examination.		
Recommendation	No change.		

Respondent Number	206	Representation Number	1
Respondent Name	Ross Anthony		
Respondent Organisation	The Theatres Trust		
Summary of Response	Support the setting of a nil rate for all other uses as many D1, D2 and some sui generis uses such as theatres, often do not generate sufficient income streams to cover their costs. Consequently, this type of facility is very unlikely to be built by the private sector.		
Requested Change	No change.		
LPA Response	Support noted.		
Recommendation	No change necessary.		

Respondent Number	333	Representation Number	1
Respondent Name	Mr John Young		
Respondent Organisation	N/A		
Summary of Response	Concern that there is only a reference to the charge per square metre, but nothing on how the number of square metres is calculated. The method of calculation could potentially affect the density at which housing is built, the choice between single and multi-storey building etc.		
Requested Change	The basis of the calculation should be made explicit within the regulation (document) and not reliant on antecedent knowledge of other guidance and regulation.		
LPA Response	The way in which CIL is calculated is set out in the Regulations. Paragraphs 3.2 to 3.6 of the Council's CIL Guidance Note (September 2014 at <a href="http://www.monmouthshire.gov.uk/app/uploads/2015/07/CIL-Guidance-Note.pdf">http://www.monmouthshire.gov.uk/app/uploads/2015/07/CIL-Guidance-Note.pdf</a> ) offers an explanation. CIL will be charged on the net additional gross internal floor area of a development.		
Recommendation	No change.		

Respondent Number	342	Representation Number	1
Respondent Name	Simon Tofts (Planning Manager)		
Respondent Organisation	Blue Cedar Homes		
Summary of Response	Welcome the proposed zero CIL charge on all retirement housing in the County. This should assist in bringing forward this form of development.		
Requested Change	The Council should set out in full the definition of retirement housing. Blue Cedar Homes attach a restrictive covenant on each house they sell requiring the purchaser to be over 55 years of age.		
LPA Response	It is agreed that a full definition of retirement housing would be useful to provide clarity.		
Recommendation	Give further consideration to providing a full definition of retirement housing.		

Respondent Number	378	Representation Number	1
Respondent Name	Tim Gent (Savills)		
Respondent Organisation	Mabey Bridge		
Summary of Response	Concern as to whether or how the development costs information submitted for the Fairfield Mabey site has informed the content of the viability report. Note that further information on development costs can be supplied to the Council.		
Requested Change	Clarify how the development costs information has been assessed, accepted and applied, albeit recognising the need for confidentiality. Discuss the implications of the further development costs information.		
LPA Response	The original CIL viability study made use of information provided by the developers but was unable to demonstrate how because of confidentiality concerns from the scheme promoters. Discussions have been held with the representor who has provided updated costs information that has been taken into account in the revised viability testing report.		
Recommendation	Consider the implications of the revised viability testing for the Draft Charging Schedule.		

Respondent Number	378	Representation Number	2
Respondent Name	Tim Gent (Savills)		
Respondent Organisation	Mabey Bridge		
Summary of Response	Benchmark land values for urban sites are much too low. A comparison with Merthyr and Caerphilly is not valid given the distance (both geographical and commercial) between these areas. Note that is inappropriate to record in the report that the development industry workshop broadly agreed with the rates / failed to provide alternatives.		
Requested Change			
LPA Response	<p>Note that the land value benchmarks are the estimated lowest values that a landowner may sell for, not the highest values that may be achieved.</p> <p>Fairfield Mabey site is in industrial use and the testing applies the benchmark for urban sites, which is a premium of more than 60% over the industrial land value benchmark. Premium over existing use value is in line with the guidance in the Local Housing Delivery Group's 2012 "Viability testing local plans". These benchmarks do not preclude the possibility that sites may change hands at higher values than the benchmarks, assuming that the development is able to support it, but recent RICS research (Financial Viability Appraisal in Planning Decisions: Theory and Practice, 2015) firmly advises against the use of market value as a mechanism for estimating benchmarks.</p>		
Recommendation	No change.		

Respondent Number	378	Representation Number	3
Respondent Name	Tim Gent (Savills)		
Respondent Organisation	Mabey Bridge		
Summary of Response	Opening up costs are very low. £40,000 per acre does not reflect recent experience of greenfield/brownfield development. Note it is inappropriate to connect discussion at the development industry workshop with agreement of this figure.		
Requested Change	Welcome discussion on with the Council on this matter.		
LPA Response	<p>The additional £100,000/net ha (£40,470/acre) allowance for opening up costs is applied to both brownfield and greenfield strategic sites to reflect the different requirements for different types of site i.e. servicing greenfield sites or standard site preparation for brownfield sites. The reference to "opening up cost" by the representor relates to items that the viability testing includes within external works, opening up costs and site specific infrastructure, and therefore a like for like comparison cannot be made. Instead the following should be considered:</p> <p>The testing includes an allowance for external works at 15% of build cost. For a 'typical' 95 sq m dwelling this is c.£12,030. This is to cover standard site preparation and the provision of services within the site to the build plots, as well as frontage roads and landscaping etc. For larger sites it is recognised that additional costs may be incurred and additional costs of £100,000/net ha are allowed for. At 30 dph this is £3,300 per dwelling. This combines to c.£15,330/dwelling. In addition site specific infrastructure was included at £10,300/dwelling for SAH3 Fairfield Mabey (taking the total to £25,630/dwelling), with an additional scenario adding a further £4,800/dwelling taking the total to £30,430/dwelling. On an area basis these costs are approximately £0.77m and £0.9m/ha respectively (at 30 dph).</p> <p>Extraordinary site costs beyond these allowances and outside s106/policy requirements are expected to be revealed as part of due diligence and factored into site specific land price negotiations.</p> <p>Further discussions have taken place with the representor and revised information included in the updated viability testing.</p>		
Recommendation	Consider the implications of the revised viability testing for the Draft Charging Schedule.		



Respondent Number	378	Representation Number	4
Respondent Name	Tim Gent (Savills)		
Respondent Organisation	Mabey Bridge		
Summary of Response	<p>Figures used for the average cost of a S106 payment mask substantial variation either looking backwards (towards agreements completed) or forwards to the sites likely to come forward. Question how the £1,000 assumed per unit plus the CIL charge and low costs set out in Annex 1 of the report can add up to the total costs associated with the Fairfield Mabey site.</p>		
Requested Change	Welcome discussion on this matter before further progress is made with CIL.		
LPA Response	<p>The CIL viability testing has assumed a standard Section 106 contribution of £1k per dwelling, equivalent to the current contribution for provision of children's play space that is generally provided on-site. Other current Section 106 contributions such as adult recreation and education would be expected to be replaced by CIL. It is recognised that the Mabey Bridge site does have additional site specific development requirements that would not fit comfortably into the CIL approach (e.g. the proposed riverside walk that will contribute substantially to adult recreation facilities in Chepstow and is necessary for Green Infrastructure/Biodiversity purposes to bring forward development of the site). Following discussions with the representor, the potential Section 106 requirements have been reviewed for the updated viability testing.</p>		
Recommendation	Consider the implications of the revised viability testing for the Draft Charging Schedule.		

Respondent Number	378	Representation Number	5
Respondent Name	Tim Gent (Savills)		
Respondent Organisation	Mabey Bridge		
Summary of Response	<p>Proposal to add a waterside value premium is not support by evidence relied on because: unconventional waterside views; evidence from nearby Severn Quays does not support the premium; all sites have special characteristics and inappropriate to single out Fairfield Mabey.</p>		
Requested Change			
LPA Response	<p>The principle of a waterside premium is well established, with recent evidence set out in the Knight Frank report cited in the viability report. The CIL viability testing has used a very conservative interpretation of this research, with about half the suggested up lift applied to 25% of the site. In addition, the asking prices on the adjacent Severn Quays waterside site demonstrate a premium over standard Chepstow values. Discussion with the site promoters suggests that there may be some house price premium although no site specific value assumptions have been made available by the site promoters.</p>		
Recommendation	No change.		

Respondent Number 378 Representation Number 6

Respondent Name Tim Gent (Savills)

Respondent Organisation Mabey Bridge

Summary of Response Question the CIL rate proposed for the Fairfield Mabey site. Even on the assumptions made in the report, if the £1.7 million used for the High Beach roundabout scheme is added to cost or lost from value then zero CIL can be afforded. Concern that this is likely given that sites are charged with delivering specific obligations outside CIL and then CIL is used to fund some unspecific /limited improvements to generic and strategic infrastructure. The Regulation 123 list has narrow focus and there is little expansion in the schedule of what will be included and given the proposals for the site it is clear that:

- a) there will be a significant overlap between what is proposed and what CIL could be used for (especially in terms of strategic green infrastructure)
- b) the sustainable transport improvements in the schedule will not be used for highway and transportation improvements associated with the scheme - these will therefore fall to the site
- c) the site has excellent accessibility credentials - contributing to a general fund for sustainable transport for an otherwise rural authority is not warranted.
- d) the scheme will trigger an improvement to the town centre. No competing retail space is proposed on the site and spending / footfall in the town centre will increase
- e) there is significant capacity within the primary and secondary schools in Chepstow
- f) proposals for the site will also make substantial provision for open space (sport and recreation)

Accordingly, there is need for caution when approaching the concept of CIL and the rates to be applied to the individual sites. Note that CIL may not be the right vehicle for Monmouthshire (as pooling rules are unlikely to be relevant) but if it is pursued specific rates can be identified for each strategic site.

Requested Change If CIL is pursued, a zero rate should be applied to Fairfield Mabey (without this adjustment CIL could adversely affect the viability of the site).

LPA Response The CIL viability testing has assumed a standard Section 106 contribution of £1k per dwelling, equivalent to the current contribution for provision of children's play space that is generally provided on-site. Other current Section 106 contributions such as adult recreation and education would be expected to be replaced by CIL. It is recognised that the Mabey Bridge site does have additional site specific development requirements that would not fit comfortably into the CIL approach (e.g. the proposed riverside walk that will contribute substantially to adult recreation facilities in Chepstow and is necessary for Green Infrastructure/Biodiversity purposes to bring forward development of the site). Following discussions with the representor, the potential Section 106 requirements have been reviewed for the updated viability testing.

The Welsh Government's requirements for highway works on the A48 (T) road are awaited. It is not possible, therefore, to achieve any precision in estimating potential transport infrastructure costs. Two scenarios have been tested in the revised viability report - the second including the full cost of

improvements to High Beech roundabout.

Recommendation Consider the implications of the revised viability testing for the Draft Charging Schedule.

Respondent Number 378 Representation Number 7

Respondent Name Tim Gent (Savills)

Respondent Organisation Mabey Bridge

Summary of Response A small convenience store could be appropriate at the Fairfield Mabey site. This would not perform like the models tested in the viability report and in the short term at least overall viability may be a key issue.

Requested Change May be appropriate to waive the charge on A1 out-of-centre stores proposed of (or below) a certain size or which are proposed to be part of the larger strategic sites.

LPA Response The CIL Regulations exempt development with a gross internal floor area of less than 100 sq. m. from payment of the levy. It is likely, therefore, that a small retail unit of the type referred to would be exempt from a CIL charge.

Recommendation No change.

Respondent Number 378 Representation Number 8

Respondent Name Tim Gent (Savills)

Respondent Organisation Mabey Bridge

Summary of Response Concerns that CIL is too blunt a tool generally and if pursued in the manner proposed will negatively affect proposals for the site.

Requested Change Welcome a meeting to explain this point and to share technical/ commercial information about the site.

LPA Response The CIL viability testing has assumed a standard Section 106 contribution of £1k per dwelling, equivalent to the current contribution for provision of children's play space that is generally provided on-site. Other current Section 106 contributions such as adult recreation and education would be expected to be replaced by CIL. It is recognised that the Mabey Bridge site does have additional site specific development requirements that would not fit comfortably into the CIL approach (e.g. the proposed riverside walk that will contribute substantially to adult recreation facilities in Chepstow and is necessary for Green Infrastructure/Biodiversity purposes to bring forward development of the site). Following discussions with the representor, the potential Section 106 requirements have been reviewed for the updated viability testing.

Recommendation Consider the implications of the revised viability testing for the Draft Charging Schedule.

Respondent Number	381	Representation Number	1
Respondent Name	Mr D Addams-Williams		
Respondent Organisation	Llangibby Estate		
Summary of Response	£110 per square metre charge will discourage new development.		
Requested Change	Category (2) Table 1 of the PDCS should be broken down into sub-categories.		
LPA Response	No evidence is provided in support of the representation, neither is it explained how it is felt Category (2) (Non-strategic sites in the Main Towns of Abergavenny, Chepstow and Monmouth and the Rural Rest of Monmouthshire) should be broken down into sub-categories. The viability testing has attempted to ensure that residential development will not be discouraged from coming forward. Sites in rural areas in Main and Minor Villages, as categorised in the LDP, that are required to provide above 35% affordable housing are exempt from the CIL charge.		
Recommendation	No change.		

Respondent Number	457	Representation Number	1
Respondent Name	Alistair Macdonald (RPS)		
Respondent Organisation	Bovis Homes Ltd		
Summary of Response	CIL guidance has been updated since February 2014 - accordingly the viability report should be reviewed and updated in light of the latest version of the guidance (June 2014).		
Requested Change	Review / update the viability report in line with the latest CIL guidance.		
LPA Response	The viability report has been updated and includes up to date CIL guidance.		
Recommendation	Consider the findings of the updated viability report.		

Respondent Number	457	Representation Number	2
Respondent Name	Alistair Macdonald (RPS)		
Respondent Organisation	Bovis Homes Ltd		
Summary of Response	<p>Benchmark values used in the viability report are too low. These figures were disputed at the Development Industry Workshop and it is not sufficient to dismiss these views by saying that no specific alternative land value was put forward. Further evidence should be gathered by the Council to justify its proposed land values or identify alternative values which align more closely with the experience of the development industry representatives. Bovis would be happy to assist the Council in this regard.</p>		
Requested Change	<p>Council to provide further evidence to justify proposed land values or identify alternative land values.</p>		
LPA Response	<p>Available information (research reports dealing with land values, consultation with the development industry and data from Land Registry) has been reviewed. Standard benchmark land value found sound as part of Local Development Plan examination. Greenfield benchmark developed in line with Local Housing Delivery Group and HCA guidance. April 2015 RICS research (Financial Viability Appraisal in Planning Decisions: Theory and Practice) strongly advises against the use of market values in setting benchmarks.</p>		
Recommendation	<p>No change.</p>		

Respondent Number	457	Representation Number	3
Respondent Name	Alistair Macdonald (RPS)		
Respondent Organisation	Bovis Homes Ltd		
Summary of Response	<p>Land value assumptions for non-residential development are typically considerably higher than those for residential development. The same land value is applied to both town centre offices and out of centre retail warehouse, despite the likelihood that town centre uses would involve redevelopment of brownfield land and out of town retail would likely occupy greenfield land. The Council is therefore inconsistent in its assumptions for residential and non-residential development, applying higher development costs for non-residential development than comparable residential sites. Bovis cannot therefore support the assumptions / methodology within the viability assessment. The land value figures for residential sites are considered to be an understimation of land value, particularly when compared with the values for non-residential sites.</p>		
Requested Change	<p>Adopt a consistent approach between land values for residential and non-residential sites - this will enable a fair comparison between the development costs of all schemes and their ability to contribute towards strategic infrastructure costs through CIL.</p>		
LPA Response	<p>It is common for land values for different uses to vary, reflecting the value of the uses. There is no inconsistency in this approach.</p>		
Recommendation	<p>No change.</p>		

Respondent Number 457 Representation Number 4

Respondent Name Alistair Macdonald (RPS)

Respondent Organisation Bovis Homes Ltd

Summary of Response PDCS fails to provide sufficient evidence to support the proposed CIL rates:

(1) This is contrary to government guidance. Paragraph 16 of DCLG guidance is clear that 'charging authorities should focus on providing evidence of an aggregate funding gap that demonstrates the need to put in place the levy'. Paragraph 28 of the guidance advises that the PDCS should be based on evidence of the infrastructure needs of the area and the ability of development in that area to fund that infrastructure in whole or in part. It is good practice for the charging authority to publish its draft infrastructure list and proposed policy for scaling back Section 106 agreements at PDCS stage to provide clarity on the financial burden that developers can expect to bear. There is a lack of evidence on strategic infrastructure needs. The 'Draft Infrastructure Plan' in Appendix 1 of the Adopted LDP only provides a list of the specific site infrastructure requirements for strategic sites. No indication is given of the total cost of infrastructure that the Council wishes to fund through the levy; the procedural requirements of the Regulation 123 list are not fulfilled.

(2) The 'Draft Infrastructure Plan' indicates that the majority of infrastructure will be developer funded and secured through Section 106 Agreements. The Draft Regulation 123 Schedule confirms that infrastructure associated with the LDP strategic sites identified in the Council's Draft Infrastructure Plan will be funded through Section 106 contributions. The evidence base appears not to have considered the viability implications of providing such major infrastructure through Section 106 agreements and the ability of development schemes to afford the identified CIL rates.

(3) In the absence of a sound evidence base there is no demonstrable need for CIL. The infrastructure requirements arising from the LDP are unknown and there is no evidence to whether the funds would be sufficient meet any gaps in funding or whether any funding sources are available to the Council. There is no evidence that the proposed CIL rates are necessary to deliver strategic infrastructure or provide adequate funding to ensure the timely delivery of planned development alongside infrastructure.

Requested Change Evidence base requires thorough re-examination and expansion to include a more detailed Regulation 123 list before any further progress can be made on the Council's proposals for CIL.

LPA Response (1) Paragraph 16 of the guidance does not require details of the 'funding gap' to be published at PDCS stage, although it is acknowledged that paragraph 28 of the guidance suggests that it is 'good practice' to provide as much detail as possible of infrastructure proposals to accompany the consultation. The Council did publish a draft Regulation 123 list with the PDCS, setting out the the categories of development that it is proposed to be funded through CIL. Appendix 1 of the LDP is not the 'Draft Infrastructure Plan' and only lists site specific infrastructure for the LDP strategic sites. A draft list of potential 'place-making' and other proposals by settlements to be funded through CIL was provided as Annex 2 of the Draft Infrastructure Plan produced in July 2013 as part of the LDP process. It is recognised that further work is needed

to refine the list and this will be carried out during the production of the Draft Charging Schedule in order to be in a position at Examination to set out 'a draft list of the projects or types of infrastructure that are to be funded in whole or in part by the levy' and 'any site-specific matters for which Section 106 contributions may continue to be sought' (paragraph 17 of guidance).

(2) As described in answer to (1) above, Appendix 1 of the LDP is not the whole Draft Infrastructure Plan, which is a separate document. It is acknowledged that the majority of the infrastructure provision for strategic sites is identified as being developer funded, although the Schedule will need amendment as it is intended that some items listed will be funded through CIL (e.g. off-site adult recreation). The CIL viability testing has attempted to take into account the exceptional costs associated with the strategic sites (where known) in order to ensure that a CIL rate can be charged that does not adversely affect their viability.

(3) It is not agreed that there is not a need for CIL, although it is recognised that further work is required on refining the list of infrastructure set out in the Draft Infrastructure Plan (which is not just Appendix 1 of the LDP), establishing the 'funding gap' and identifying the site specific infrastructure that will be funded through Section 106. In this respect, an addendum report will be provided to supplement the Draft Infrastructure Plan produced for the LDP in July 2013.

#### Recommendation

Carry out further work on refining the list of infrastructure set out in the Draft Infrastructure Plan (July 2013), establishing the 'funding gap' and identifying the site specific infrastructure that will be funded through Section 106.



Respondent Number	457	Representation Number	5
Respondent Name	Alistair Macdonald (RPS)		
Respondent Organisation	Bovis Homes Ltd		
Summary of Response	<p>Support separate categorisation of strategic LDP sites and application of lower CIL rate to reflect higher development costs associated with delivery of these sites. However, question whether strategic sites would continue to be viable if CIL is applied at rate of £60 per sqm. The viability testing has been based on gross rather than net density figures - given that some sites will not be capable of development of 100% of the site area, a lower density figure or gross to net density allowance should be applied. In the case of Wonastow Road the development capacity of the site is limited and the overall density of development reduces to 13dph based on the overall site area. Consequently, the site would be unable to support the level of infrastructure costs anticipated by Chart 3.1 even at the lowest density calculation.</p>		
Requested Change	A lower density figure or a gross to net density allowance should be applied.		
LPA Response	<p>The representation may have misunderstood the testing approach, which uses a net development density and then recognises that not all the site will be developed. Wonastow Road gross area (excluding the non-developable part of the allocation that is in flood plain) is 19.61ha and net is 16.46ha. LDP allows for 450 dwellings which is 27dph net or 22 dph gross.</p>		
Recommendation	No change.		

Respondent Number	457	Representation Number	6
Respondent Name	Alistair Macdonald (RPS)		
Respondent Organisation	Bovis Homes Ltd		
Summary of Response	<p>Strategic sites - information on Site specific infrastructure costs are only best estimates and are subject to change as projects advance through the planning and design stages. Additional costs vary considerably between the strategic sites. Given the significant variations in development yield, site specific infrastructure costs and existing land values, question whether it is realistic to apply a uniform rate of CIL to all strategic sites (with the exception of Sudbrook Paper Mill). Need to ensure that CIL will not remove incentive for landowners to release land for development, will not adversely affect the viability of development schemes and will not dissuade developers from investing in Monmouthshire. If the Council intends to apply a single CIL rate to all strategic sites a cautious approach must be adopted to ensure the CIL falls below the lowest maximum potential CIL and a buffer is applied to ensure viability. Agree with 30% buffer applied subject to a review of the maximum potential CIL figures.</p>		
Requested Change	Review maximum potential CIL figures for the reasons set out above.		
LPA Response	<p>CIL viability has been refreshed, to include new information on strategic sites where available. Delivery on strategic sites is important to the success of the LDP and CIL rates will be set so that policy compliant delivery is not compromised.</p>		
Recommendation	No change.		

Respondent Number	457	Representation Number	7
Respondent Name	Alistair Macdonald (RPS)		
Respondent Organisation	Bovis Homes Ltd		
Summary of Response	<p>Broadly supportive of the geographical charging zones for residential development. However, question the charging zones in the context of an extension to a strategic site. For example, an extension of the site allocation at Drewen Farm, Monmouth would be subject to a higher CIL charge of £110 per sq m which covers the rest of rural Monmouthshire. Further consideration needs to be given to the practical future application of CIL to ensure sufficient flexibility is allowed within the terms of the charging schedule to allow the Council to apply the CIL rate for strategic sites to any proposed extensions to those sites upon the grant of planning permission.</p>		
Requested Change	<p>Welcome further clarification on this point within the Draft Charging Schedule to ensure such proposals are not penalised through the application of higher CIL rate based on strict application of the geographical charging zones.</p>		
LPA Response	<p>The lower CIL rate proposed for LDP strategic site allocations reflects the additional infrastructure costs of bringing these sites forward. Should there be future proposals to extend the existing Wonastow Road allocation further onto Drewen Farm land through a departure application then it would be expected that if planning permission were to be granted any initial additional opening up costs would have been met in developing the original allocation. The viability testing of case study sites can only relate to sites that have been allocated through an adopted development plan. It is considered appropriate that should any sites come forward outside the development plan process that they should meet the general CIL charge based on the charging zone in which the site is located.</p>		
Recommendation	No change.		

Respondent Number	457	Representation Number	8
Respondent Name	Alistair Macdonald (RPS)		
Respondent Organisation	Bovis Homes Ltd		
Summary of Response	<p>Object to the proposed application of a zero CIL rate to non-residential uses across Monmouthshire. Question the land value assumptions for non-residential development which underpins these findings. The same land value is applied to both town centre offices and out of centre retail warehouse, despite the likelihood that town centre uses would involve redevelopment of brownfield land and out of town retail would likely occupy greenfield land. Non-residential land values are considerably higher than comparable site values for residential use meaning that the Council is inconsistent in its assumptions. Therefore unable to support the assumptions and methodology within the viability assessment. Where opportunities exist to secure strategic infrastructure funding through development, the Council should explore these in full and seek to spread the burden across all viable forms of development.</p>		
Requested Change	<p>Need for a consistent approach between non-residential and residential land values to enable a fair comparison between the development costs of all schemes and their ability to contribute towards the strategic infrastructure costs through CIL.</p>		
LPA Response	<p>It is common for land values for different uses to vary, reflecting the value of the uses. There is no inconsistency in this approach. There is not a zero rate for all non-residential development. A CIL rate of £200 per sqm is being proposed for out of centre A1 retail uses. In terms of a zero retail rate for other non-residential uses, this has little to do with land values – in most cases it is the values that are not sufficient to cover the costs of development, let alone cost of land. Of the 13 non-residential uses tested only the retail uses have a positive residual land value. This viability position in terms of negative residual values is demonstrated in the local market where there has been little activity in terms of non-residential uses coming forward on a speculative basis.</p>		
Recommendation	No change.		

Respondent Number	457	Representation Number	9
Respondent Name	Alistair Macdonald (RPS)		
Respondent Organisation	Bovis Homes Ltd		
Summary of Response	<p>(1) Unable to judge whether or not the Council has achieved an acceptable balance between infrastructure funding and economic viability in view of the failure of the Regulation 123 list to define strategic infrastructure requirements and the associated costs which justify CIL.</p> <p>(2) Also concern that if development costs are too prohibitive / fail to provide adequate return for developers sites may remain undeveloped.</p>		
Requested Change	Review and update the evidence base to enable a fair assessment as to whether the PDCS is appropriately balanced.		
LPA Response	<p>(1) It is recognised that further work is required on refining the Regulation 123 list and identifying strategic infrastructure projects.</p> <p>(2) The viability testing has been carried out to attempt to ensure that the CIL rate does not prevent development coming forward in the County. The 'balance' has been achieved through a thorough review of viability across a range of site types. Where necessary, the testing is being updated and refined to meet some of the concerns raised.</p>		
Recommendation	Carry out further work on refining the list of infrastructure set out in the Draft Infrastructure Plan (July 2013), establishing the 'funding gap' and identifying the site specific infrastructure that will be funded through Section 106.		

Respondent Number	458	Representation Number	1
Respondent Name	Huw Jones (Turley)		
Respondent Organisation	ALDI Stores Ltd		
Summary of Response	The application of CIL and the evidence base underpinning the Draft Charging Schedule should be in accordance with Government guidance and statutory provisions including PPW and CIL Regulations. We trust that the LPA has considered all relevant guidance in preparing their PDCS. It is important that the implemented Charging Schedule provides robust, clear and concise guidance.		
Requested Change	No change requested.		
LPA Response	Comment noted. It is considered that the CIL proposals have been prepared in accordance with the appropriate regulations, guidance etc.		
Recommendation	No change.		

Respondent Number	458	Representation Number	2
Respondent Name	Huw Jones (Turley)		
Respondent Organisation	ALDI Stores Ltd		
Summary of Response	<p>Concerns regarding the proposed A1 out of centre retail levy rate (£200 per sq m) and the use of five specific retail typologies. National food operators do not all operate the same business models - at present the proposed charges are not reflective of this (reference made to Examination of the Plymouth CC CIL Charging Schedule). ALDI operate a model based on high levels of efficiency and low overheads, providing accessible low-cost goods. A high CIL rate could impact on the viability of the business and deter future investment resulting in a loss of key discount retail provision within the County. If the LPA does not make a distinction between different sizes and categories of retail development, the CIL change must be made viable so as not to prejudice a particular retail use, irrespective of the size/type of retailer.</p>		
Requested Change	<p>Further justification is required regarding the proposed retail levy in terms of the intended amount and approach.</p>		
LPA Response	<p>The CIL rate cannot be set according to a specific operator's business model as this would provide a competitive advantage and would therefore be contrary to regulation and state aid rules. However, different sizes of store have been considered (small convenience store and small supermarket) in different locations. The small supermarket example is a very similar size to many larger Aldi stores and is therefore representative of this particular operator and more importantly of the type of stores most likely to come forward within Monmouthshire over the Plan period. The evidence used to provide values for supermarkets is across all operators and therefore to some degree the rental values and yields for Aldi are also already taken into account (as set out in the Non-Residential Addendum, September 2015). Therefore it is considered that an appropriate range of retail typologies have been tested and that the evidence that supports the rate is appropriate and robust.</p>		
Recommendation	<p>No change.</p>		

Respondent Number	458	Representation Number	3
Respondent Name	Huw Jones (Turley)		
Respondent Organisation	ALDI Stores Ltd		
Summary of Response	Monitoring/ Early Review: Trigger points whereby a review of CIL is required are not stated in the evidence presented. This is important in order to provide certainty to investors.		
Requested Change	Provide trigger points to indicate when a review of CIL would be required.		
LPA Response	<p>The CIL Guidance states that: 'Charging authorities must keep their charging schedules under review and should ensure that levy charges remain appropriate over time. For example charging schedules should take account of changes in market conditions, and remain relevant to the funding gap for the infrastructure needed to support the development of the area.'</p> <p>Government does not prescribe when reviews should take place. However, in addition to taking account of market conditions and infrastructure needs, charging authorities should also consider linking a review of their charging schedule to any substantive review of the evidence base for the relevant Plan. It seems, therefore, that it would be appropriate to carry out a review of CIL at the same time as the LDP is reviewed (generally to commence four years after adoption unless there are exceptional circumstances). It is difficult to see how precise 'trigger points' could be established for reviewing the CIL charge (and none are prescribed in government guidance) although land values and build costs will be kept under regular review. The LDP Annual Monitoring Report provides a vehicle for this and an annual report is also required on how CIL is spent.</p>		
Recommendation	No change.		

Respondent Number	458	Representation Number	4
Respondent Name	Huw Jones (Turley)		
Respondent Organisation	ALDI Stores Ltd		
Summary of Response	Lack of clarity on what basis additional S106 contributions would be sought for retail development following the adoption of CIL.		
Requested Change	Clarify what basis additional S106 contributions would be sought for retail development following adoption of CIL.		
LPA Response	<p>Section 106 contributions will be established on a case by case basis depending on the infrastructure necessary to bring a development forward. The Draft Regulation 123 List indicates that sustainable transport improvements and town centre improvements (two items that commonly require contributions from retail developments) will be funded through CIL. If this is carried through to final Regulation 123 List then Section 106 contributions will no longer be required for such items. The viability testing has included a sufficient buffer (greater than 50% for both supermarkets and retail warehouses) to ensure that viability is not adversely impacted by the proposed CIL charge.</p>		
Recommendation	No change required.		

Respondent Number	458	Representation Number	5
Respondent Name	Huw Jones (Turley)		
Respondent Organisation	ALDI Stores Ltd		
Summary of Response	Lack of detail on the intended administrative costs and processes.		
Requested Change	Helpful if the LPA could outline within the PDCS the intended administrative costs and processes.		
LPA Response	<p>The CIL Regulations indicate that a charging authority can spend up to 5% of the total levy receipts on administrative expenses. The precise arrangements for administering CIL remain to be determined and it is not considered necessary to establish them at this stage. Charging authorities are required to publish an annual report on how CIL money has been spent. That would be the opportunity for scrutiny of any administrative costs that arise and it not considered necessary or appropriate to publish intended costs at the present time. Similarly, precise administrative processes have not yet been established. The amount to be spent in a locality will depend on the Council's priorities as set out in its Infrastructure Plan, which will be prepared in consultation with local communities. It would be hoped that the County Council and Town and Councils would be able to align their priorities to ensure that the best use is made of available resources. A protocol for liaising and consulting with local communities and deciding on spending priorities will be developed as CIL is progressed.</p>		
Recommendation	Prior to the adoption of CIL, develop a protocol for liaising and consulting with local communities and deciding on spending priorities.		



Respondent Number	459	Representation Number	1
Respondent Name	Mrs Jeana Hall		
Respondent Organisation	N/A		
Summary of Response	No to wind turbines - uneconomical to build/run.		
Requested Change	No change.		
LPA Response	Comment noted. This is not a matter for the CIL process.		
Recommendation	No change necessary.		

Respondent Number	459	Representation Number	2
Respondent Name	Mrs Jeana Hall		
Respondent Organisation	N/A		
Summary of Response	Only concern is that just 15% of CIL money will go to the community involved. This is too low and very open ended.		
Requested Change	No change requested.		
LPA Response	The allocation of 15% of the CIL monies raised in a locality to the town or community council in which the development takes place is set out in the Regulations. This is not to say that additional money will not be spent in that town or community council area. The amount to spend in a locality will depend on the Council's priorities as set out in its Infrastructure Plan, which will be prepared in consultation with local communities.		
Recommendation	No change necessary.		

Respondent Number	460	Representation Number	1
Respondent Name	Glenn Evans (Strategic Support Manager)		
Respondent Organisation	Aneurin Bevan Health Board		
Summary of Response	Supports the proposals set out in the PDCS.		
Requested Change	N/A		
LPA Response	Support noted.		
Recommendation	No change necessary.		

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**MONMOUTHSHIRE  
COUNTY COUNCIL –  
CIL VIABILITY  
ASSESSMENT**

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**Updated viability  
evidence for  
development of a  
Community  
Infrastructure Levy  
Charging Schedule**

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Three Dragons  
December 2015

**Final Report**





This report is not a formal land valuation or scheme appraisal and should not be relied upon as such. The report has been prepared using the Three Dragons residential toolkit and is based on local authority level data supplied by Monmouthshire County Council, consultations and quoted published data sources. The models used provide a review of the development economics of illustrative schemes and the results depend on the data inputs provided. This analysis should not be used for individual scheme appraisal. No responsibility whatsoever is accepted to any third party who may seek to rely on the content of the report unless previously agreed.

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### ANNEXES

1. Benchmark Land Values
2. Testing Assumptions
3. Case study profiles
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6. Case Study Results

## EXECUTIVE SUMMARY

1. The Monmouthshire County Council Viability Assessment update provides the Council with evidence to assist it in drawing up a draft Community Infrastructure Levy (CIL) charging schedule for examination. This update builds upon the July 2014 Viability Study used to inform the CIL Preliminary Draft Charging Schedule (PDCS) published in February 2015 and takes account of the changes in costs and values affecting development in Monmouthshire generally, as well as changes to specific infrastructure requirements for strategic sites. It also undertakes the viability testing on the affordable housing components on the same basis as the November 2014 Monmouthshire Affordable Housing SPG, which has been published in draft since the last viability study was undertaken.
2. This report should be read in conjunction with the separate viability testing update for non-residential uses undertaken by Peter Brett Associates.
3. Residential development has been tested through notional 1 ha tiles and through case studies representative of the development planned to take place in Monmouthshire. The notional 1 ha tiles are used to test development on a common basis, which allows the effects of different market areas and different densities to become apparent. The case studies include the seven strategic sites identified in the Local Development Plan as well as other sites, including those planned to provide high proportions of affordable housing.
4. Including a 30% 'buffer', the potential residential development CIL rates that the Council may now like to consider are:

<b>Development</b>	<b>Recommended CIL rates</b>
SAH1 Deri Farm, Abergavenny	£60
SAH2 Crick Road, Portskewett	£80
SAH3 Fairfield Mabey, Chepstow	£0
SAH4 Wonastow Road, Monmouth	£80
SAH5 Rockfield Farm, Undy	£80
SAH6 Vinegar Hill, Undy	£80
SAH7 Sudbrook Paper Mill	£80
Sites of less than 3 dwellings anywhere in Monmouthshire	£0
Non-strategic development of 3 or more dwellings in Severnside	£80
Non-strategic development of 3 or more dwellings in Monmouth	£100
Other non-strategic development of 3 or more dwellings elsewhere in Monmouthshire	£120
Main and minor village affordable housing-led schemes	£0
Retirement housing	£0

5. These rates provide a simple framework of charges and preserve a substantial buffer for the majority of strategic sites, which will help to ensure delivery. The proposed rates means the majority of development will be able to proceed.
6. On a 'typical' 85 sq m market 3 bed semi the proposed charges would be £6,800 where the £80/sq m rate applies and £10,200 where the £120/sq m rate applies. The equivalents will be £10,400 and £15,600 respectively for a 130 sq m four bed detached house. This would be in addition to the typical £1,000/dwelling residual s106 and any of the obligations affecting development on the strategic sites. This compares to the current typical s106 payments of £6,000-£7,000 per dwelling, indicating much of the development in Monmouthshire will be paying more under CIL than s106, particularly non-strategic development in higher value areas. Sites of less than 3 dwellings will be unaffected by CIL.
7. CIL will remain a small part of the development costs and value – e.g. Case study 70 with 10 dwellings in Abergavenny will have a CIL of £120/sq m totalling approximately £85,320 which is 5.2% of total scheme development cost (excluding land purchase) and 4.3% of gross development value.



## 1 INTRODUCTION

1.1 Three Dragons was commissioned by Monmouthshire County Council in 2015 to produce this updated CIL Viability Assessment. This document should be read in conjunction with the Council's forthcoming Infrastructure Plan and regulation 123 list, which will specify the funding gap that CIL will go towards and the type of infrastructure to be funded by CIL. The forthcoming planning obligations SPG will provide further detail on the residual s106/278 requirements.

1.2 This report should also be read with the separate Peter Brett Associates report on non-residential viability, which provides recommendations for non-residential CIL rates<sup>1</sup>.

### **Purpose of the Economic Viability Assessment**

1.3 The viability evidence provided in this report is to assist Monmouthshire County Council in determining a proposed Community Infrastructure Levy (CIL) charging schedule for residential and non-residential uses.

1.4 The viability testing for this report has been designed to assess:

- The amount of CIL that residential development can afford.
- Whether there are differences in viability across the county, sufficient to justify different CIL rates.

1.5 The current viability assessment builds on a suite of earlier viability studies. There was an Affordable Housing/Strategic Viability Study in 2010, with additional analysis of the then identified strategic sites in 2011 and a further update in 2012. These formed part of the evidence base in setting the housing policies in the Local Development Plan and have been through the examination process. In July 2014, Three Dragons and Peter Brett Associates undertook residential and non-residential viability testing<sup>2</sup> and this was used to inform the Monmouthshire Preliminary Draft Charging Schedule (PDCS).

1.6 This updated viability evidence takes account of changes in values and costs since 2014 as well as the draft Affordable Housing SPG, which provides direction about the value of affordable housing to mixed tenure schemes.

### **The Community Infrastructure Levy (CIL)**

1.7 The CIL regulations allow charging authorities to set different rates set out in £s per sq metre (or £/sq m) of net additional floorspace for different uses and for different zones – provided these can be clearly identified geographically<sup>3</sup>. CIL is set out as £s /sq m for developments of 1

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<sup>1</sup> PBA, 2015, Monmouthshire County Council Community Infrastructure Levy Viability Assessment Addendum – Update of Non-residential Viability Assessment.

<sup>2</sup> Three Dragons and Peter Brett Associates, 2014, Viability Evidence for development of a Community Infrastructure Levy Charging Schedule

<sup>3</sup> Regulation 13

dwelling or more, or over 100 sq m additional non-residential floorspace. Exemptions include affordable housing, self-build and charities.

- 1.8 DCLG has provided Guidance for the Community Infrastructure Levy<sup>4</sup>, which was added to Planning Practice Guidance in June 2014. This guidance is applicable in Wales and England and explains that charging authorities should not set the rate at the margins of viability. A charging authority's proposed rate or rates should be reasonable, but there is no requirement for a proposed rate to exactly mirror the evidence (para 19). The Guidance has formalised the concept of a viability 'buffer' although it is not quantified (para 19).
- 1.9 The Guidance requires an area-based approach using a 'broad test of viability' using 'appropriate available' evidence (para 19). The testing should include an appropriate range of types of sites across its area, including strategic sites (para 19), with appropriate costs (para 20).
- 1.10 The CIL Guidance explains that the regulations allow charging authorities to apply differential rates for the Levy by geographic zones, development type and scale of development, provided this is justified by the viability evidence (para 21). Undue complexity and state aid should be avoided (para 21)
- 1.11 There will still be s106 contributions in order to make the development acceptable in planning terms. These will have to meet the three tests:
- Necessary to make the development acceptable in planning terms
  - Directly related to the development
  - Fairly and reasonably related in scale and kind to the development
- 1.12 An allowance for residual s106 contributions have been included within the viability assessments.

***Guidance on plan viability testing***

- 1.13 Guidance has also been published to assist practitioners in undertaking viability studies for policy making purposes – “Viability Testing Local Plans - Advice for planning practitioners”<sup>5</sup> (the Harman Guide). The approach to viability testing in the Viability Assessment follows the principles set out in the advice. The advice re-iterates that:

*“The approach to assessing plan viability should recognise that it can only provide high level assurance.”*

- 1.14 The Advice also comments on how viability testing should deal with potential future changes in market conditions and other costs and values and states that:

*“The most straightforward way to assess plan policies for the first five years is to work on the basis of current costs and values”.* (page 26) but that:

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<sup>4</sup> Department for Communities and Local Government (DCLG) , February 2014, Community Infrastructure Levy Guidance,

<sup>5</sup> The guide was published in June 2012 and is the work of the Local Housing Delivery Group, which is a cross-industry group, supported by the Local Government Association and the Home Builders Federation.

*“The one exception to the use of current costs and current values should be recognition of significant national regulatory changes to be implemented.....”* (page 26)

1.15 This viability assessment has been undertaken in compliance with the CIL regulations and guidance.

#### **Local Plan Policies**

1.16 The Council adopted the Local Development Plan in 2014. This will guide the future development of Monmouthshire up to 2021. This plan was examined in 2013 and contains current information which is pertinent to this viability assessment and policies that may affect viability. These policies have been reviewed as part of this work and taken into account as part of the viability assessments.

1.17 The relevant policies are described in brief in this section of the report. The adjustments to the viability testing in response to the policies are set out in the testing assumptions section.

- Policy S1 sets out the spatial distribution of new housing provision. This has been used to inform the case studies used for the viability testing.
- Policy S4 states that the affordable housing requirement is 35% except in Severnside where 25% is required; main villages where 60% is required for 3 or more dwellings; minor villages where 75% is required for 4 dwellings and 66% is required for 3 dwellings. These requirements have been included within the testing. In the locations where 25% and 35% affordable housing is required, developments of below 5 dwellings may provide a commuted sum for offsite provision; and for developments of 5 or more dwellings the on-site affordable housing is rounded to the nearest unit<sup>6</sup>. Therefore the impacts of rounding are included in the modelling.
- Policy S7 describes the obligation for development to make appropriate on or offsite provision of infrastructure; and that if there are viability issues, provision of affordable housing will generally take precedence over other infrastructure obligations. The narrative following Policy S7 states that *“It is considered that the LDP strategic sites can be delivered without the need for CIL as each site has specific infrastructure requirements that can be dealt with through a standard Section 106 Legal Agreement.”* Viability testing has therefore used policy compliant affordable housing proportions and has included known site-specific infrastructure requirements as well as a more general allowance for bringing the strategic sites forward for development.
- Policy S12 requires new development to demonstrate sustainable and efficient resource use. We have used build costs that will include current requirements.
- Policy CRF2 Outdoor Recreation/Public Open Space/Allotments describes the standards sought by the Council: outdoor playing space of 2.4 hectares per 1,000 population and 0.4 hectares of public open space per 1,000 population; 0.25 hectares of allotment space per 1,000 population (strategic sites and 50+ dwellings only) – i.e. 3.05 ha/1,000 people for

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<sup>6</sup> 0.5 of a unit and above round up, otherwise round down.

larger sites and 2.8 ha/1,000 for smaller sites. With an average household size of 2.35 in Monmouthshire, 1,000 people is equivalent to 425 households – indicating that approximately 0.7 ha of open space is required per 100 dwellings.

- Policy SD4 states that development will include Sustainable Urban Drainage Systems (SUDS). This is part of normal development good practice.
- Policy MV1 states that development that is likely to have a significant transport impact must have a Transport Assessment with a Transport Implementation Strategy. If there will be a significant additional traffic then highway improvements or traffic mitigation will be required.
- Policy MV2 states that development will include appropriate sustainable transport links, including public transport, walking and cycling.
- Allocated sites – there are seven strategic sites in the County, which are planned to take approximately 2,000 dwellings out of the 3,349 planned dwellings yet to be completed. The importance of these sites to delivery of the Plan means that they will need to be specifically included within any viability modelling. They are described in detail in the following policies:
  - Policy SAH1 deals with the Deri Farm strategic site and requires that electricity pylons are removed and lines undergrounded; sustainable transport links are provided to Abergavenny centre and that there is a landscape buffer along the northern edge of the site. This is accounted for in the site specific costs and the gross to net developable land area.
  - Policy SAH2 deals with the Crick Road strategic site and requires that 1 hectare of employment land is provided and that there is pedestrian access to Portskewett and Caldicot.
  - Policy SAH3 deals with the Fairfield Mabey strategic site and requires that 3 hectares of employment land is provided (with four starter units financed by an adjacent development), that necessary offsite highway and pedestrian works are undertaken, that there will be a riverside path and that there will be a buffer strip along the River Wye.
  - Policy SAH4 deals with the Wonastow Road strategic site and requires that 6.5 hectares of employment land is provided and that necessary offsite highway works are undertaken.
  - Policy SAH5 deals with the Rockfield Farm strategic site and requires that 2 hectares of employment land is provided, that the masterplan takes account of the SINC on site, that necessary offsite highway works through Magor and Undy are undertaken and that there are contributions to community facilities.
  - Policy SAH6 deals with the Vinegar Hill strategic site and requires that necessary offsite highway works are undertaken and that there are contributions to community facilities.
  - Policy SAH7 Sudbrook Paper Mill deals with the Sudbrook strategic site. There are no specific requirements beyond the housing numbers.

1.18 In addition to these policies, the Council has advised that Rockfield Farm and Vinegar Hill may be required to provide sections of the Magor-Undy bypass (subject to the M4 relief road) and this has been included as part of the assessment.

**Affordable Housing SPG**

1.19 Monmouthshire County Council produced a draft Affordable Housing SPG in November 2014. This includes requirements that affordable housing floor areas meet DQR standards and that the provision of affordable housing through s106 on mixed schemes is undertaken at 42% of the Welsh Governments Acceptable Cost Guidance (ACG) values<sup>7</sup>. The viability testing takes this into account:

- Although there are no explicit space standards for DQR, Monmouthshire County Council has provided floor areas for DQR-compliant affordable housing; and these floor areas have been used in the testing.
- The affordable housing values used in the testing use 42% of the values set out in the 2015 ACG, based on the appropriate ACG geography band. The ACG bands are not coterminous with the value zones used in the rest of the testing and so where a value zone spans more than one ACG band, the lower ACG band is used.

**Preliminary Draft Charging Schedule**

1.20 The Monmouth CIL Preliminary Draft Charging Schedule was published in September 2014. This proposed the following CIL rates.

Category	Geographical Area	CIL rate per square metre
(1)	Strategic LDP Sites* <ul style="list-style-type: none"> <li>• Deri Farm, Abergavenny (SAH1)</li> <li>• Crick Road, Portskewett (SAH2)</li> <li>• Fairfield Mabey, Chepstow (SAH3)</li> <li>• Wonastow Road, Monmouth (SAH4)</li> <li>• Rockfield Road, Undy (SAH5)</li> <li>• Vinegar Hill, Undy (SAH6)</li> </ul>	£60
(2)	Non-strategic sites in the Main Towns of Abergavenny, Chepstow and Monmouth and the Rural Rest of Monmouthshire** except for Category (5) sites.	£110
(3)	Non-strategic sites in Severnside settlements***	£60
(4)	Sudbrook Paper Mill Strategic Site (SAH7)	£0

<sup>7</sup> <http://gov.wales/docs/desh/publications/150401-acceptable-cost-guidance-en.pdf>

Category	Geographical Area	CIL rate per square metre
(5)	Sites in Main and Minor Villages, including those identified in Policy SAH11, that are required to provide above 35% affordable housing	£0
(6)	Retirement Housing	£0

**Preliminary Draft Charging Schedule Representations**

1.21 Monmouthshire County Council consulted on the CIL Preliminary Draft Charging Schedule in 2015. Representations mainly focused on aspects of the viability evidence and included:

- Concern that land value benchmarks are inconsistent or too low.
- Agreement with a 30% viability buffer.
- Viability testing inconsistent with the affordable housing value requirements in the Affordable Housing SPG.
- Concern that CIL rates are too high, with strategic sites and Severnside highlighted.
- Questioning the premium value attached to riverside housing in Chepstow.
- The need to include circulation space for flats and garages for houses.
- Opening up costs should be increased.
- Developer profit should be higher and internal rate of return (IRR) used as the profit measure.
- Use of the strategic site specific costs within the testing.
- Residual s106/278 of £1,000/dwelling is too low.
- CIL exemptions and lack of detail in the draft Regulation 123 list

1.22 This updated Viability Study responds to these representations as follows.

**Land Value Benchmarks**

1.23 The viability assessment continues to use a premium over existing use as the basis for establishing land value benchmarks, set within the context of appropriate comparables where these are available. It is important to note that the benchmarks represent the *lowest* price that land owners will release land for development, not the highest price (which is typically represented by unfiltered market values). Representations provide evidence of land values in Newport and for schemes with no affordable housing which we do not consider provide more appropriate evidence than that provided by Land Registry for Monmouthshire. Further discussion about the issues around setting a land value benchmark and the evidence used can be found in Section 2 of this report and in Annex 1.

**Viability Buffer**

- 1.24 The comment is noted and the buffer retained.

**Affordable Housing SPG**

- 1.25 The implications of the new SPG have been discussed with the Council and the updated testing includes values at 42% of ACG and DQR compliant affordable housing space standards, as in the SPG.

**CIL rate recommendations**

- 1.26 The basis of the comments about recommended CIL rates included some confusion about gross and net development areas, as well as an emphasis on whether a limited set of development typologies were viable in Severnside. However, the comments about CIL rates are noted and considered in the updated viability appraisals.

**Waterside Premium in Chepstow**

- 1.27 Further work has been undertaken in relation to asking prices on the Severn Quays waterside site. This indicates that there is a premium over 'standard' Chepstow values. Therefore the appraisals have continued to use a conservative uplift assumption (equivalent to a 6% uplift) for the Chepstow strategic waterside site (SAH3).

**Circulation Space for Flats, and Garages**

- 1.28 Updated testing includes 10% circulation for 1-2 story flats.
- 1.29 In relation to garages it should be noted that there is no policy requirement for garages and that there is an expressed preference for car ports instead (MCC, 2013, Domestic Garages SPG). However, the relatively generous build costs provided by BCIS together with the allowance for external works will encompass the cost of providing garages on a proportion of dwellings if developers choose to make this provision. Therefore no changes have been made in the appraisals in relation to garages.

**Opening Up Costs**

- 1.30 The allowances used for opening up costs are based on experience and review of scheme costs elsewhere, and discussed as part of the 2014 developer workshop. It is clear that the opening up costs referred to in the representations have a broader definition and also include costs already allowed for in the viability testing, such as external works, residual s106 and site specific infrastructure allowances. Taken together, these allowances are more generous than the amounts suggested in the representations. Therefore no changes have been made in the appraisals for opening up costs (except for some updated information on site specific infrastructure received from some scheme promoters).

**Developer Return**

- 1.31 In the representations Savills have argued for higher developer returns including a 20% return for affordable housing. The developer returns of 20% for market housing and 6% for affordable housing were discussed in the developer workshop in March 2014. This discussion also noted that Savills had agreed 20% for market housing and 6% return for affordable housing as a

statement of common ground for the Caerphilly CIL and it is unclear why this should be different in Monmouthshire.

- 1.32 A 20% return for market housing and 6% return are commonly accepted at recent CIL examinations<sup>8</sup>. The issue for profit benchmarks is determining an acceptable return for the likely risk, which is why a higher rate is required for market housing than the affordable housing, with lower risks resulting from sale agreed before construction. This required return against risk should not be conflated with the justifiable but entirely separate consideration of developers maximising returns for investors.
- 1.33 It should be noted that BCIS figures for build cost also include a contractor return, which in effect pushes up the overall return beyond the 20% and 6% used here. We note that the house builders' operating returns have generally been below 20% since before the recession.
- 1.34 The use of IRR<sup>9</sup> as a measure instead of profit on GDV (as put forward in one representation on the PDCS) may have been discussed informally by practitioners forums but has not been accepted as the preferred measure either in the Local Housing Delivery Group Guidance, the Planning Practice Guidance, or in relation to CIL nor at recent examinations we are aware of.
- 1.35 Importantly, the Three Dragons Toolkit used for undertaking the viability appraisals in Monmouthshire includes a discounted cash flow function, and this is already used for the testing of the larger case studies. This explicitly takes account of investment and returns over time within the framework of a residual land appraisal.

#### ***Residual s106/278***

- 1.36 The £1,000/dwelling estimate of the residual s106/278 has been provided by the Council as being a typical sum used to provide on-site children's' play and other minor requirements. This is based upon recent experience. Other items (such as education and sustainable transport) will be funded through CIL and therefore will not form part of s106/278.

#### ***Exemptions and R123 List***

- 1.37 The decision to offer exemptions from CIL is up to the Council. The R123 list is outside the scope of this report and is being addressed separately by the Council.

#### ***Research evidence***

- 1.38 The research which underpins the original and updated viability assessments includes:

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<sup>8</sup> e.g. Wigan August 2015, Southend on Sea April 2015

<sup>9</sup> Generally, IRR is a corporate finance tool used to compare the attractiveness of different projects with different timings of investment and return. In its standard form it does not produce a useful output for a residual land value appraisal, partly as the amount available to pay for land is an input, not an output. Issues with IRR include no accepted benchmarks for acceptable IRR, sensitivity to small changes in assumed inputs, lack of agreed information on inputs, lack of transparency and therefore an impression of spurious accuracy when applied as part of an area wide viability analysis. Three Dragons has undertaken separate consultation with housebuilders in 2012/13 about the use of IRR as a measure and this failed to show any compelling case to use it against the more widely understood return on value.



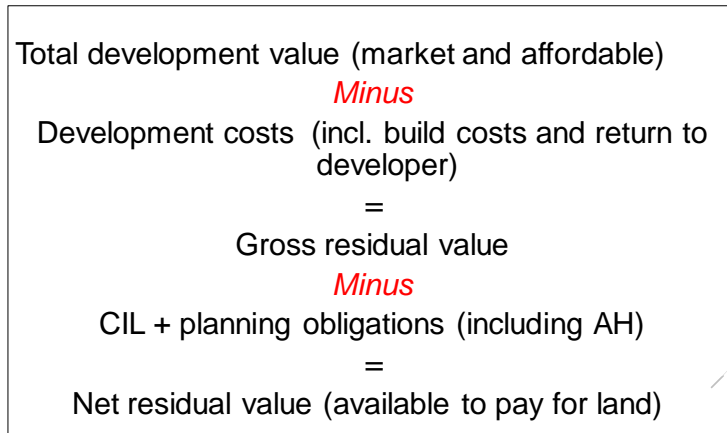
- An analysis of publicly available data to identify the range of values and costs needed for the viability assessment. This includes land registry price data up to April 2015 and build costs from BCIS in September 2015;
- Discussions with council officers from planning, estates and housing departments;
- Analysis of information held by the authority, including a review of historic planning permissions, land sales and information on the strategic sites for development;
- A workshop held in March 2014 with developers, land owners, their agents and representatives from a selection of registered providers in the area. 13 organisations were invited and seven organisations were represented at the workshop, in addition to the Council. A follow on note regarding land values and house prices was then circulated to the 13 organisations originally invited, with one comment received. Annex 5 provides a note of the workshop;
- Subsequent communication via the Council with landowners, developers and their agents of the strategic sites in Monmouthshire, used to collect information about specific costs associated with the sites;
- Further consultation on house prices in August/September 2015. March 2014 workshop attendees were contacted with updated house prices and telephone interviews were undertaken with estate agents active in Monmouthshire.
- Use of the Three Dragons Toolkit, adapted for Monmouthshire to analyse scheme viability for residential development.

## 2 VIABILITY TESTING – RESIDENTIAL DEVELOPMENT

### Principles

- 2.1 The viability testing uses a residual value approach, the principles of which are set out in the figure below.

**Figure 2.1 Residual Value Approach**



- 2.2 To assess viability, the residual value generated by a scheme is compared with a benchmark value, which reflects a competitive return for a landowner. If the residual value is higher than the benchmark land value, the scheme is considered viable. This is considered through the testing of notional 1 ha tiles (used to test development on a common basis, which allows the effects of different market areas and different densities to become apparent) and through case studies representative of the development planned to take place in Monmouthshire.
- 2.3 Establishing suitable land value benchmarks is an important part of any viability testing. Welsh Government guidance<sup>10</sup> states that viability is a key factor in striking the balance between collecting revenue and not setting rates too high (para 2.2); and that viability studies should concentrate on sites where the imposition of CIL may have an impact on viability (para 2.18). It is noted that land values across an area may already result in development becoming unviable or marginal and this needs to be considered (para 2.20). Land value benchmarks used in this study take account of the benchmarks used in the Local Development Plan evidence base, existing use values, Land Registry transaction evidence of local land transactions, recent transactions and the development industry feedback.
- 2.4 The setting of benchmark land values in Monmouthshire takes account of the existing or former uses of the sites. Where the notional site is within an urban area or on a brownfield site outside an urban area the threshold land value uses a premium over industrial land values (as this is the likely former or alternative use) and where the site is a greenfield allocation the

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<sup>10</sup> Welsh Government, 2011, Community Infrastructure Levy Preparation of a Charging Schedule,

threshold land value use a premium over agricultural land values. The benchmark land values used in this study are:

- £650,000 per gross ha for urban sites. This figure is 60% over the estimated industrial land value (a premium of 30% is normally considered a suitable incentive), has been discussed at the development industry workshop and is in line with the evidence base for the recently adopted Local Development Plan. This benchmark is also supported by the land transaction evidence although it is noted sale prices are either side of this value. This benchmark is above the comparables in lower value Caerphilly and Merthyr Tydfil<sup>11</sup> (up to £500,000/ha used in the CIL viability assessments).
- £250,000 per gross ha for strategic greenfield sites. This is 15-20 times agricultural values, which is in the higher end of the range expected to incentivise greenfield land owners. In addition we assess the impact of a slightly higher benchmark at £300,000 per hectare.

2.5 The benchmarks are applicable across Monmouthshire as there is no clear evidence to vary them by location and the development industry indicated that a single set of benchmarks was appropriate.

2.6 Further detail on the information used to set the benchmark land values can be found in Annex 1.

### Testing Assumptions

2.7 The key assumptions used in the analysis of residual values for both the 1 hectare and case study sites are presented below. These have been discussed as part of the development industry workshop in March 2014, with more recent discussion about house prices in August/September 2015 as part of the updating process. The updating process has also taken into account further information now available for the strategic sites, as well updated build costs based on BCIS.

**Table 2-1 Development Costs**

Item	Rate	Notes
Build costs - Flats (1-2 storeys)	£1,097/sq m	Includes 15% for external works. BCIS with Gwent location weighting <sup>12</sup> , 5 year median
Build costs - Houses (2 storeys)	£981/sq m	Includes 15% for external works. BCIS with Gwent location weighting, 5 year median
Build costs - Bungalows	£1,125/sq m	Includes 15% for external works. BCIS with Gwent location weighting, 5 year median

<sup>11</sup> DCLG Live Table 581 states q3 2013 average house prices in Monmouthshire were £208,610 compared to £117,596 in Caerphilly and £103,066 in Merthyr Tydfil.

<sup>12</sup> Building Cost Information Service (BCIS) applies weightings to reflect varying build costs in different parts of the UK and continues to use Gwent as a defined area. The development industry workshop agreed that Gwent costs were suitable for Monmouthshire and other parts of South Wales

Item	Rate	Notes
Small sites build cost <sup>13</sup> <ul style="list-style-type: none"> <li>- 2-3 dwellings – houses</li> <li>- 2-3 dwellings – flats</li> <li>- 2-3 dwellings - bungalows</li> <li>- Single dwellings - house</li> </ul>	£1,079/sq m £1,208/sq m (2 storey) £1,238/sq m £1,607/sq m	Single dwelling development costs based on the BCIS values for ‘one-off developments’; 2 and 3 dwelling developments based on standard BCIS build costs + 10%. A 15% allowance for external works has been added.
Retirement housing	£1,168	Based on BCIS 5 year median 2 storey sheltered housing; includes 15% for external works.
Professional fees	12% of build costs for 1-3 dwellings; 10% of build costs for 4-50 dwellings 8% of build costs for 51+ dwellings	
Finance	6% of development costs	
Marketing fees	3% of market GDV	
Developer return (market)	20% of market GDV	For market housing
Contractor return (AH)	6% of build costs	For affordable housing
Stamp Duty Land Tax	Variable	Depends on land value
Agents/legal costs	2.5% of residual value	
Sprinklers	£3,075 houses, £879 flats	Source Welsh Government. Not required until Jan 2016
Base residual s106	£1,000 per dwelling	To cover play only, based on the MCC Interim Policy Guidance costs of public open space and children’s’ play.

2.8 In addition to these costs, an additional allowance has been made for development on the larger sites to reflect additional costs for site specific infrastructure (opening up costs). As discussed at the development industry workshop, this is £100,000 per hectare. This is in addition to the 15% allowance for external works to cover standard site preparation and the

<sup>13</sup> FSB published a report on build costs for small sites (BCIS, 2015, Housing development: the economics of small sites). Three Dragons has reviewed this work and has agreed with BCIS that the build cost issues with smaller sites primarily relate to single dwelling developments and that 2-5 dwelling developments have costs close to the overall average build costs. Therefore single dwelling build costs are based upon the ‘One off development’ build costs provided by BCIS while 2 and 3 dwelling developments use 10% above standard build costs, which is the approach used in the 2014 Viability Study.

provision of services within the site to the build plots, as well as frontage roads and landscaping etc.

- 2.9 Expressed on a per dwelling basis, for a 'typical' 95 sq m dwelling the external works is c.£11,880<sup>14</sup>, and at 30 dph the opening up costs are £3,300 per dwelling<sup>15</sup>, producing a combined total of £15,180/dwelling for costs on larger sites. Added to this will be the site specific infrastructure costs for development on the strategic sites. This will vary depending on the information made available about the sites.
- 2.10 The costs in Table 2.1 above refer to a base residual s106 payment of £1,000 per dwelling, which will be for onsite open space and children's play (and is in addition to the build costs, external works and, where applicable, opening up costs). This compares to the current typical s106 contribution of £6,000-£7,000 per dwelling, which also includes contributions for adult recreation, sustainable transport and education. While the Council has yet to formally determine its approach to the use of CIL through a regulation 123 list, the Council has advised that the current intention is for adult recreation, strategic highways and education to be funded through CIL and that the £1,000 per dwelling will be the typical post-CIL s106 requirement for each household. In addition to this base residual s106 payment, the different strategic sites have their own specific s106 requirements and the cost of these<sup>16</sup> have been included within the modelling for each of the sites.
- 2.11 In the analysis of the case studies (see chapter 4), we include additional costs for certain sites that the Council expects to be directly funded by the development through a s106 agreement.
- 2.12 In addition to having a separate build cost, retirement housing has 6% marketing costs and £120,000 empty property costs, sales are spread over three years and 25% of the GIA is communal space (i.e. non saleable). Affordable housing assumptions are the same as for general housing i.e. 42% of ACG. Retirement housing is assumed to have 18 months until first sale, with sales then spread over the next three years.
- 2.13 The general build cost figures from BCIS have decreased slightly since the 2014 viability testing (except for the single dwelling sites). This confirms anecdotal evidence from around England and Wales that the immediate peak in build costs has passed.

### **Development Values**

#### ***Market Housing Values***

- 2.14 House prices vary within Monmouthshire and this viability study uses the value areas identified as part of the 2010 Affordable Housing Viability Study (AHVS) and accepted as being robust at the examination into the Council's Local Development Plan. These value areas were again discussed as part of the development industry workshop held in March 2014 and the house

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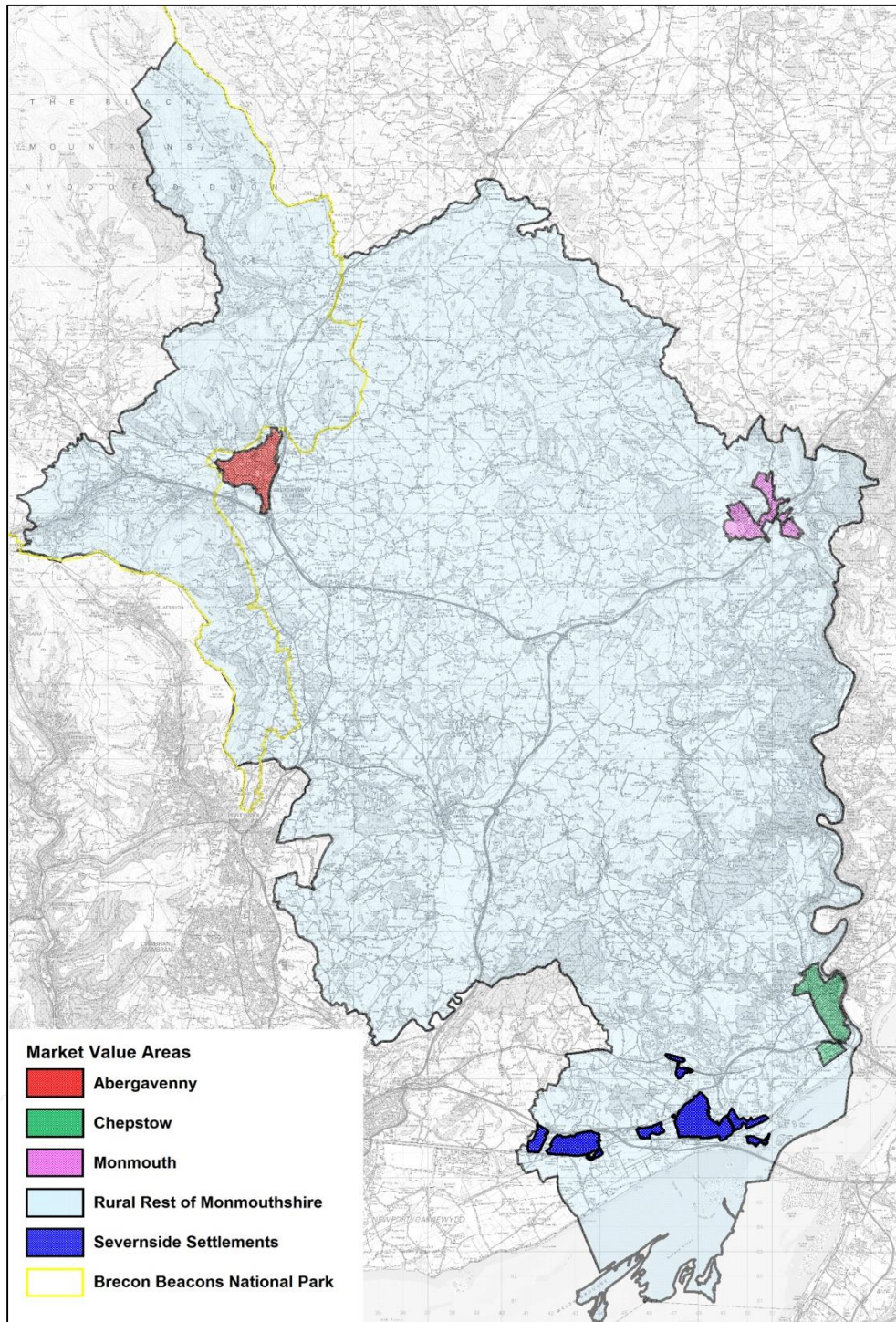
<sup>14</sup> The external works allowance is £125/dwelling sq m, multiplied by 95 sq m

<sup>15</sup> £100,000 divided by 30

<sup>16</sup> Estimates based upon contact with developers, discussions with Council Officers and reference to the costs used in the Schedule of Infrastructure Provision for Strategic Sites appended to the Local Development Plan.

price analysis undertaken in 2014 and now in 2015 confirms that there are value variations between these areas.

**Figure 2.2 House Price Areas in Monmouthshire**



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Sevenside settlements are identified in Local Development Plan Policy S1 – Caerwent, Caldicot, Magor, Portskewett, Rogiet, Sudbrook and Undy. The ‘Rural Rest of Monmouthshire’ includes the main and minor villages and the rural secondary settlements (identified in Local Development Plan Policy S1) and open countryside.

2.15 The house prices used for this 2015 update take into account the values used in 2014 and assess recent data to determine whether they need to change. The process included the following tasks:

- Review of Land Registry price paid data for new build development in 2014 and 2015, plus 2013 for some locations where there was a particular paucity of data. The values were reviewed both at their original values and taking into account subsequent changes in the market (Land Registry’s House price index records an increase of 7% between January 2013 and June 2015, and an increase of 3% from June 2014 to June 2015).
- The Land Registry data was also assessed on a £/sq m basis in order to ensure that difference in dwelling sizes did not skew the estimates.
- House prices for new build dwellings currently for sale in Monmouthshire were reviewed against the data from Land Registry. Taking into account a discount from asking to achieved prices (estimated at 4%), this provides an up to date indication about prices as well as extending the range of data.
- The development industry was consulted about the proposed house prices to be used in the assessments. This process included circulation of a briefing paper to attendees of the 2014 workshop and telephone interviews with agents active in Monmouthshire<sup>17</sup>. Adjustments were made to the prices in response to the feedback about new build values.

2.16 Therefore the house prices used in this viability study update are based upon professional judgement informed by recent achieved new build prices, current new build dwellings for sale and the views of property professionals active in the area. The house price estimates are presented below. Clearly, individual dwellings may sell above or below these averages depending on their size and specific location.

**Table 2-2a House prices for Monmouthshire Value Areas – per dwelling**

Revised Dwelling Prices	Abergavenny	Chepstow	Monmouth	Sevenside	Rural rest of Monmouthshire
1 bed flat	£115,000	£125,000	£125,000	£100,000	£115,000
2 bed flat	£130,000	£146,000	£140,000	£120,000	£130,000
2 bed terrace	£170,000	£175,000	£165,000	£140,000	£179,000
3 bed terrace	£195,000	£210,000	£195,000	£170,000	£200,000
3 bed semi	£210,000	£215,000	£200,000	£194,000	£210,000
3 bed detached	£215,000	£220,000	£210,000	£200,000	£224,000
4 bed detached	£310,000	£315,000	£302,000	£290,000	£343,000

<sup>17</sup> Responses were received from 7 agents active in Monmouthshire

Revised Dwelling Prices	Abergavenny	Chepstow	Monmouth	Sevenside	Rural rest of Monmouthshire
5 bed detached	£375,000	£380,000	£333,000	£325,000	£395,000

Source Three Dragons analysis based on Land Registry Price Paid data for new build, current asking prices (with discount) price per sq m and industry consultation.

**Table 2-2b House prices for Monmouthshire Value Areas – £/sq m**

£/sq m	Abergavenny	Chepstow	Monmouth	Sevenside	Rural rest of Monmouthshire
1 bed flat	£2,556	£2,778	£2,778	£2,222	£2,556
2 bed flat	£2,364	£2,655	£2,545	£2,182	£2,364
2 bed terrace	£2,615	£2,692	£2,538	£2,154	£2,754
3 bed terrace	£2,438	£2,625	£2,438	£2,125	£2,500
3 bed semi	£2,471	£2,529	£2,353	£2,282	£2,471
3 bed detached	£2,529	£2,588	£2,471	£2,353	£2,635
4 bed detached	£2,385	£2,423	£2,323	£2,231	£2,638
5 bed detached	£2,419	£2,452	£2,148	£2,097	£2,548

Source Three Dragons analysis based on Land Registry Price Paid data for new build, current asking prices (with discount) price per sq m and industry consultation.

- 2.17 Compared to the values used in 2014, house prices have generally increased slightly, which also accords with the rise in the overall Land Registry house price index for Monmouthshire. The increase is not uniform and will apply to different dwelling types in different areas. Some dwelling types have seen no change and a minority have decreased in price.
- 2.18 Waterfront developments are known to create higher than average values. 2012 research<sup>18</sup> states that prime UK waterfront properties have a 56% premium over inland equivalents, with estuary locations providing 85% premium, harbour locations 78%, coastal locations 52%, river locations 47% and lakeside 28%. While it is unclear to what extent these prime property uplifts will apply in Monmouthshire, it is likely that there will be increased values in water front sites in locations such as Chepstow. A conservative 25% premium (just under half of the average uplift suggested in the research) has been applied to a subset (25%) of dwellings assumed to have good river views for the Fairfield Mabey case study site, which is on the banks of the River Wye in Chepstow. The asking prices for the adjacent Severn Quays waterside site have been reviewed and these also indicate a premium over ‘standard’ Chepstow values. The Sudbrook Paper Mill case study site is also waterfront, but its location at the foot of the second Severn Crossing makes it a less likely candidate for this kind of uplift.
- 2.19 Small scale “one-off” developments (up to three dwellings) are also known to support higher values, related to the bespoke nature of this scale of development. While some one-off developments with special design and space standards will produce very high values, this viability assessment has sought to model dwellings that are similar to the types of dwellings

<sup>18</sup> Knight Frank, 2012, How do waterfront locations affect prices?



that may also be built as part of larger developments. Based on experience, it has been assumed that these dwellings will command a 10% premium over their estate counterparts. The single dwelling development has also been sensitivity tested at 20% premium, recognising that many single dwellings are bespoke developments able to benefit from a mature environment.

2.20 The values used for modelling the retirement housing are in Table 2.3 below. These have been estimated using the guidance provided by the Retirement Housing Group<sup>19</sup> as there is little current evidence.

**Table 2.3 Retirement Housing Values**

	Abergavenny	Chepstow	Monmouth	Severnside	Rural rest of Monmouthshire
1 bed flat	£157,500	£161,250	£150,000	£145,500	£157,500
2 bed flat	£210,000	£215,000	£200,000	£194,000	£210,000

**Affordable Housing**

2.21 Policy S4 of the Local Development Plan sets out the requirement for affordable housing to be provided. The policy provides targets for affordable housing for the main settlements and for villages. The following extract shows the policy for the main settlements.

- *In Main Towns and Rural Secondary Settlements as identified in Policy S1 development sites with a capacity for 5 or more dwellings will make provision (subject to appropriate viability assessment) for 35% of the total number of dwellings on the site to be affordable.*
- *In the Severnside settlements identified in Policy S1 development sites with a capacity for 5 or more dwellings will make provision (subject to appropriate viability assessment) for 25% of the total number of dwellings on the site to be affordable.*

Source Policy S4 Local Development Plan

2.22 These affordable housing targets are used for testing the notional 1 ha tile (in chapter 3) and testing a range of case study sites (in chapter 4). There are further policies for provision of affordable housing in the Main and Minor Villages which we deal with in detail through a selection of case studies in chapter 4.

2.23 The affordable housing is modelled using 42% of the values in the Welsh Government’s Acceptable Cost Guidance<sup>20</sup>, in line with Monmouthshire County Council’s draft Affordable Housing SPG. The Acceptable Cost Guidance figures used are presented in Table 2.4 below.

<sup>19</sup> Retirement Housing Group, 2013, Community Infrastructure Levy and Sheltered Housing/Extra Care Developments briefing note

<sup>20</sup> Welsh Government, 2015, Acceptable Cost Guidance/On Costs for use with Social Housing Grant Funded Housing in Wales.

**Table 2-4 Acceptable Cost Guidance 2015.**

	<i>Abergavenny, Severnside, Rural</i>	<i>Monmouth, Chepstow</i>
<b>Unit Type</b>	<b>Band 4</b>	<b>Band 5</b>
2P1B Flat	£101,900	£108,000
3P2B Flat	£126,600	£133,500
3P2B Bungalow	£157,700	£174,700
4P2B House	£161,600	£175,500
5P3B House	£179,400	£194,200
6P4B House	£209,000	£226,000

Source Welsh Government.

**Types of testing**

2.24 Two types of testing have been undertaken for the assessment:

- A notional 1 hectare site (at a range of densities from 30dph to 50dph); tested in the different value areas in Monmouthshire. This is used to explore the differences in viability between different locations and different densities of development, on a common basis.
- A series of 45 case studies ranging in size from 1 to 450 dwellings.

2.25 Results from the Notional 1 ha tile are reported in chapter 3 and results for the case studies, in chapter 4.

### 3 VIABILITY TESTING – NOTIONAL 1 HA TILE

#### Introduction

- 3.1 This section of the report sets out the viability assessments for the 1 ha notional tiles, which are used to explore the underlying viability trends across the county.
- 3.2 The residual value of the notional 1 ha site is calculated using the Three Dragons Toolkit and then compared with the benchmark land value for the area, to estimate the surplus residual value potentially available for CIL.
- 3.3 We model the 1 ha tile in each of the value areas i.e. Severnside, Monmouth, Chepstow, Abergavenny and rural rest of Monmouthshire. The tile is tested for three different densities of development, as agreed with the Council and discussed at the industry development workshop. The three densities are 30 dwellings per hectare (dph), 40 dph and 50 dph. The dwelling mixes for the market housing reflect feedback from the development industry workshop and an analysis of development profiles from a sample of recent planning permissions provided by the Council.
- 3.4 For the affordable housing, the Council advised on the type of dwelling for the different affordable tenures, based on the mix at a recent scheme. These do not vary with scheme density. In practice the mix may vary depending on local circumstances.

**Table 3.1a Dwelling mixes for the market units – at different development densities**

	30 dph	40 dph	50 dph
	%s	%s	%s
1 bed flat			
2 bed flat		5%	10%
2 bed terrace		10%	15%
3 bed terrace	10%	25%	40%
3 bed semi	15%	35%	15%
3 bed detached	5%	5%	
4 bed detached	60%	20%	20%
5 bed detached	10%		

**Table 3.1b Dwelling mixes for the affordable housing – as %s of total Affordable units – same for all densities**

	Proportion of affordable dwellings
1 bed flat	22%
2 bed bungalow	3%
2 bed terrace	45%
3 bed terrace	25%
4 bed terrace	5%
<b>Total</b>	100%

**Results for the notional 1 hectare tile**

3.5 We tested at affordable housing policy percentages i.e. 35% in all value areas except Severnside, which was tested at 25% affordable housing. All testing was undertaken with a residual s106 requirement of £1,000 per dwelling, allowance for external works, and allowed for the provision of sprinklers - £879/flat and £3,075 per house.

3.6 To arrive at the maximum potential CIL we:

- Identify the residual value of the scheme being tested;
- Deduct the land value benchmark to identify the ‘surplus’ value available for CIL;
- Divide the surplus by the area of the market dwellings (in £s per sq m)

3.7 Results for each value area are shown in chart 3.1 below, which assumes the standard urban sites land value benchmark of £650,000 per hectare (detailed results are shown in Annex 6).

3.8 Note that the figures presented are the *theoretical maximum CIL* that might be supported. In practice a buffer will need to be included, as required by the CIL guidance.

**Chart 3-1: Maximum potential CIL for the 1 ha tile at 30 dph, 40 dph and 50 dph**



3.9 Commentary:

- Residual values vary with the value area and density of development and hence there is considerable variation in the potential for CIL.
- Chepstow and the rural rest of Monmouthshire value area have the strongest viability with a CIL in excess of £300 per sq m potentially available for at least one development density.

- The potential for CIL is lower in the Monmouth and Abergavenny value area but even here, there is at least one development density in each value area that shows a potential CIL of over £200 per sq m.
- Severnside value area (which already has a lower affordable housing requirement – at 25%) shows a reduced potential for CIL. At most, this is £170 per sq m with the 30 dph development mix.

3.10 The PDCS proposed CIL rates for non-strategic sites of £110/sq m in Abergavenny, Chepstow and Monmouth and the Rural Rest of Monmouthshire (with the exception of development proposing over 35% affordable housing or retirement housing). It also proposes a CIL rate of £60/sq m for non-strategic sites in Severnside settlements. On the basis of this updated 1ha tile testing, both these rates remain sound and there is arguably some scope to increase them, subject to an appropriate buffer and the evidence of infrastructure funding requirements. However it is important to consider the other case studies before coming to a final view on this issue.

## 4 RESIDENTIAL VIABILITY TESTING – CASE STUDY SITES

### Introduction

- 4.1 The Council has identified 45 case studies, varying in size from 1 to 450 dwellings, which reflect typical sites likely to be brought forward in Monmouthshire over the plan period. The selection of sites draws on the policies set out in the LDP.
- 4.2 Understanding the role of different site typologies is useful in assessing the importance of the viability results. The following is an extract from the LDP which highlights for dwellings yet to be built or otherwise committed:
- The significant contribution from new site allocations (about 73% of total dwellings).
  - That windfall sites will make a larger contribution in the main towns of Abergavenny, Chepstow and Monmouth than in the Severnside settlements but in neither are they to be the main source of future supply.
  - Windfall sites are relatively important in the rural rest of Monmouthshire, particularly small windfall sites of less than 10 dwellings (59% of total dwellings in Rural Secondary Settlements and other rural areas excluding those built or with planning permission at 1 April 2013).

**Table 4-1 Extract from Monmouthshire County Council Local Development Plan**

<b>Policy S2 – Housing Provision</b>						
<b>Provision will be made to meet a requirement for 4,500 residential units in the plan period 2011-2021. This need will be met by identifying opportunities for around 4,950 dwellings to enable a 10% flexibility allowance as follows:</b>						
Settlements	a) Committed 1/4/2013	b) Completions 2011 - 2013	c) Large Site Windfall	d) Small Site Windfall	e) New Site Allocations	Total
Abergavenny	97	19	65	75	310	566
Chepstow	220	29	30	46	350	675
Monmouth	197	86	11	46	485	825
<b>MAIN TOWNS</b>	<b>514</b>	<b>134</b>	<b>106</b>	<b>167</b>	<b>1145</b>	<b>2066</b>
Caldicot	67	119	0	24	0	210
Portskewett	8	19	0	12	285	324
Magor/Undy	53	61	0	22	495	631
Caerwent	54	79	0	19	0	152
Rogiet	8	15	25	5	0	53
Sudbrook	3	4	46	1	190	244
<b>SEVERNSIDE SETTLEMENTS</b>	<b>193</b>	<b>297</b>	<b>71</b>	<b>83</b>	<b>970</b>	<b>1614</b>
Usk	5	11	0	17	20	53
Raglan	11	3	0	16	45	75
Penperlleni	8	1	45	3	65	122
Llanfoist	63	77	102	3	0	245
<b>RURAL SECONDARY SETTLEMENTS</b>	<b>87</b>	<b>92</b>	<b>147</b>	<b>39</b>	<b>130</b>	<b>495</b>
<b>RURAL</b>	<b>218</b>	<b>73</b>	<b>14</b>	<b>277</b>	<b>200</b>	<b>782</b>
<b>TOTAL</b>	<b>1012</b>	<b>596</b>	<b>338</b>	<b>566</b>	<b>2445</b>	<b>4,957</b>

4.3 We have divided the case studies into two groups – larger (allocated) strategic sites and small case studies and report on them separately below while Annexes 2 and 3 provide details of the assumptions used for the testing.

**Larger strategic sites (Case Studies 1 to 7)**

4.4 The larger strategic case studies mirror the strategic sites allocated in the LDP. They are:

- i. SAH1 Deri Farm Abergavenny
- ii. SAH2 Crick Road Portskewett
- iii. SAH3 Fairfield Mabey Chepstow
- iv. SAH4 Wonastow Road Monmouth
- v. SAH5 Rockfield Farm Undy

vi. SAH6 Vinegar Hill Undy

vii. SAH7 Paper Mill Sudbrook

4.5 In modelling larger schemes, there are a number of additional factors that have to be taken into account (and are referred to in the Advice for Planning Practitioners):

- The Advice for Planning Practitioners indicates that large scale schemes incur additional development costs that do not apply to smaller sites. We have already included a 15% uplift on build costs (identified by BCIS) for external works (local roads, pavements etc.). As discussed earlier this approximates to just over £12,000 per dwelling or in the order of £360,000 per hectare for a 30 dph scheme. We make a further allowance to cover items such as ground remodeling and bringing utilities to the site. We have made a standard allowance for these costs but recognise the figure used is an estimate and actual costs will vary from site to site. The additional costs are at £100,000 per net hectare. At a density of 30 dph this is about £3,300 per dwelling, which added to the £12,000 above takes the total cost per dwelling to well over £15,000.
- In other studies we have undertaken with strategic sites of 1,000 dwellings or more, we use a higher cost but for strategic sites of this scale and location (in relation to existing services), we consider the figure of £100,000 to be adequate. Two of the strategic sites (at SAH3 Fairfield Mabey and the SAH7 Paper Mill Sudbrook) are brownfield sites. In these cases the £100,000 per hectare is for site clearance etc. rather than bringing in new services etc.
- The developable area will sometimes be less than the gross area of the allocated site. The percentages used have been discussed with the Council and reflect site characteristics and how requirements for open space will be met. For Rockfield Farm and Vinegar Hill an allowance has been made on the advice of the Council for the land take for a Magor-Undy bypass.
- Completion of the schemes will take a number of years and this is reflected in the modeling process. Residual values have been calculated using the discounted cash flow facility within the Three Dragons Toolkit, using an appropriate discount rate. Amongst other factors, this takes account of rates of sale and the timings of costs and revenues.

4.6 Each strategic site has a series of requirements set out in the LDP which are to be funded through site-specific s106 agreements (and not through CIL). Where an issue is required by policy we have included it within the viability appraisal, such as the undergrounding of power cables in Deri Farm. Some sites have costs associated with making the site suitable for development (e.g. decontamination of brownfield land) and where these might reasonably be judged to form part of any due diligence we have assumed that they will feature in any negotiations about purchasing the land and the price adjusted accordingly – i.e. a cost to the landowner not a cost to the development or the community. For example this would include decontamination and site clearance costs for the brownfield strategic sites at Sudbrook Mill and Fairfield Mabey.



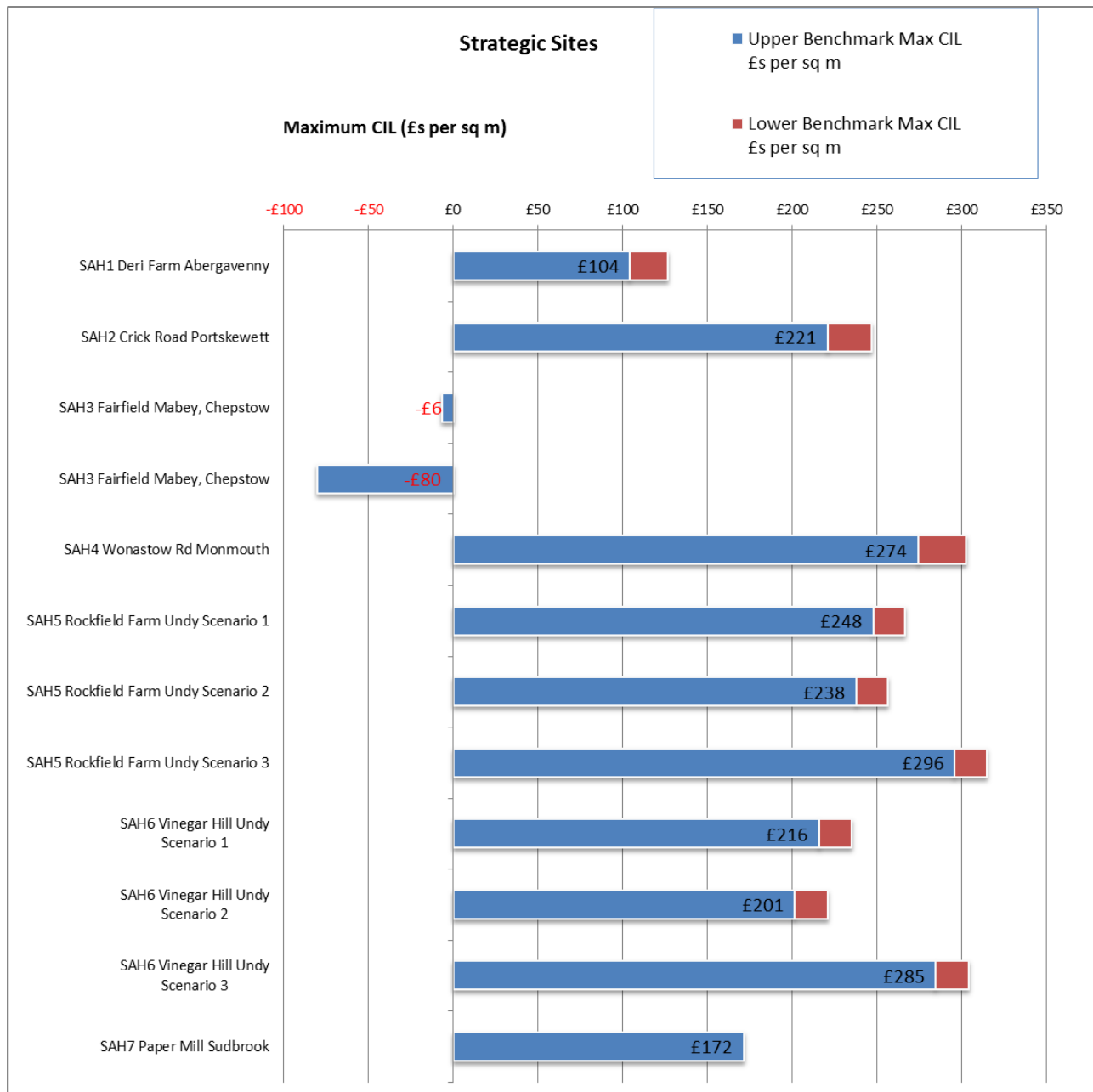
- 4.7 To obtain the best estimates for all these requirements we have consulted the Council who, in turn, wrote to all the scheme promoters following the development industry workshop in 2014 and more recently as part of this update in 2015. Where we have not been provided with up to date information, we have used information from the previous report that assessed the strategic sites (Affordable Housing/Strategic Viability Study – 2011 update) and our own information sources. Costs include items such as transport, community facilities, moving power cables, specific greenspace requirements etc. It is not possible to itemise costs as some information has been provided on a confidential basis. In all cases, the costs shown are best estimates and will be subject to change when schemes are further advanced in design and planning terms. This is important when considering the use of a buffer in setting the CIL rate.
- 4.8 The Council has advised on changes to the costs borne by some strategic sites:
- SAH1 Deri Farm requires undergrounding/moving the overhead power lines across the site. Costs for undertaking this have increased from the £4m estimated in 2014 to £5m in this work.
  - SAH3 Fairfield Mabey has been tested without and with the £1.7m cost of High Beech roundabout improvements, in addition to the other LDP requirements. These are *Scenario 1* and *Scenario 2* respectively. The Council has advised that it is *probable* that the roundabout improvements will not be required and therefore this is a sensitivity test rather than the anticipated outcome. The other site specific costs for Fairfield Mabey have increased to reflect the transfer of a cost item from CIL to s106 and increased cost estimates for other items.
  - SAH5 Rockfield Farm and the adjacent SAH6 Vinegar Hill continue to be tested with different Magor bypass scenarios in addition to the other LDP requirements:
    - Non-frontage distributor road – c.£1.3m for Rockfield Farm and c.£1.5m for Vinegar Hill. This is *Scenario 1* for both of these sites.
    - By-pass standard road – c.£1.6m for Rock Field Farm and c.£1.9m for Vinegar Hill. This is *Scenario 2* for both of these sites.
    - Route safeguarded – adjustment to gross to net only and no direct cost for road construction. This is *Scenario 3* for both of these sites.
- The Council has advised that it is probable that a by-pass will not be required (as the M4 relief road consultation is now taking place) and so a non-frontage road is the most likely requirement (Scenario 1).
- There have been minor changes to the cost of the ecology infrastructure required for SAH7 Sudbrook Mill.
- 4.9 SAH4 Wonastow Road is now partly consented. However it is not clear how the infrastructure costs are split between the consented and unconsented sections of the site and so the whole site is tested, with the assumption that the overall site will continue to provide the 450 dwellings set out in the LDP.
- 4.10 The following table summarises the key information we have used for the larger case studies, all the other assumptions are as for the notional 1 hectare scheme.

**Table 4 – 2 Large Strategic Case Studies Characteristics**

Name	Dwgs	gross ha	net ha	gross to net	dph	What mix?	market value area	% AH	BLV	delivery pa (starting 2015/16)	Opening up costs	Strategic Sites specific costs
SAH1 Deri Farm Abergavenny	250	8.7	7.7	89%	32	30 dph	Abergavenny	35%	£250,000	20pa in yr 1, 40 pa after	£100,000/net ha	£5,250,000
SAH2 Crick Road, Portskewett (Severnside)	285	9.95	7.7	77%	37	40 dph	Severnside	25%	£250,000	55pa	£100,000/net ha	£120,000
SAH3 Fairfield Mabey, Chepstow	350	13.1	9.50	73%	37	40 dph	Chepstow	35%	£650,000	45pa in yr 1, 90 pa after	£100,000/net ha	Two scenarios £5.55m/ £7.24m
SAH4 Wonastow Road, Monmouth	450	19.61	16.46	84%	31	30 dph	Monmouth	35%	£250,000	62pa in yr 1, 100 pa after	£100,000/net ha	£420,000
SAH5 Rockfield Farm, Undy (Severnside)	270	9	8.20	91%	33	30 dph	Severnside	25%	£250,000	55pa	£100,000/net ha	Three scenarios £1.7m/£1.97m/ /£0.4m
SAH6 Vinegar Hill, Undy (Severnside)	225	7.81	7.81	100%	29	30 dph	Severnside	25%	£250,000	50pa	£100,000/net ha	Three scenarios £2.0m/£2.32m/ /£0.45m
SAH7 Paper Mill, Sudbrook, (Severnside)	190	6.6	6.6	100%	29	30 dph	Severnside	25%	£650,000	50pa	£100,000/net ha	£34,200

- 4.11 The testing results for the large strategic case studies are summarised below. The results show the maximum potential CIL with the upper and lower benchmark land values for strategic greenfield land, while the brownfield sites have a single standard benchmark land value. In all cases the modelling has taken into account a residual s106 allowance of £1,000 per dwelling and an allowance for sprinklers of £879 per flat and £3,075 per house.
- 4.12 Again we model sites in Severnside with a lower affordable housing requirement than elsewhere (25% compared to 35%).
- 4.13 To calculate the maximum potential CIL, we take the residual value per gross hectare, deduct the upper or lower benchmark value and then divide by the market floor area per gross hectare of the scheme. The upper benchmark value will generate a lower potential CIL rate than the lower benchmark value. Where a scheme is located within an urban area, a benchmark of £650,000 per hectare is applied, whilst large greenfield sites are measured against an upper benchmark of £300,000 and a lower benchmark of £250,000 per gross hectare. Again, it is important to note that the figures presented are the *theoretical maximum CIL* that might be supported.

**Figure 4-1 Large Strategic Case Studies –Maximum Potential CIL**



- 4.14 All the strategic sites except SAH3 Fairfield Mabey produce a residual value above the benchmark land value and therefore there is potential to charge a CIL but there are significant differences between the economic viability of the sites:
- i. SAH4 Wonastow Road generates the highest potential CIL of £274/sq m against the higher greenfield land benchmark.

- ii. SAH2 Crick Road, SAH5 Rockfield Farm (scenario 1 – non-frontage road) and SAH6 Vinegar Hill (scenario 1 non-frontage road) all have a potential maximum CIL of between £216-£248/sq m against the higher land value.
- iii. SAH3 Fairfield Mabey Chepstow is measured against the urban benchmark of £650,000 per gross hectare (because it has a previous use as an industrial site). The testing includes significant additional costs and as a result the site is marginally viable and unable to support a CIL. If the development also has to fund High Beech Roundabout improvements then the residual value will fall significantly below the benchmark.
- iv. SAH7 Sudbrook Paper Mill is also measured against the urban benchmark of £650,000 per gross hectare (again because it has a previous use as an industrial site) and generates a maximum potential CIL of £172 / sq m. When Sudbrook Mill was tested in 2014 the viability was not strong enough to support a CIL, even though relatively little site specific infrastructure was required as part of policy SAH7<sup>21</sup> and the site provides less affordable housing than the other strategic sites. However, the values are now estimated to have risen in Severnside and this has strengthened the viability to the extent that it is able to support a CIL.
- v. SAH1 Deri Farm is able to support a potential maximum CIL of £104/sq m against the higher land value.

4.15 The PDCS proposed CIL rates for strategic sites of £60/sq m except for Sudbrook Mill, which was proposed to have a CIL of £0. On the basis of this updated strategic site testing, the rates will require some amendment:

- Significant additional costs have been identified for Fairfield Mabey and as a result this site will no longer be able to support a CIL. Some of the additional costs result from infrastructure being paid for by s106 rather than CIL, as agreed with Monmouthshire County Council.
- The general cost and value changes for Sudbrook Mill has meant that the site can now support a CIL, with a theoretical maximum comparable to other strategic sites.
- The £60/sq m rate proposed in the PDCS remains achievable for the other strategic sites and there is some scope to increase it, subject to an appropriate buffer and the evidence of infrastructure funding requirements. However, it should be noted that the viability at Deri Farm is less strong in relative terms (as a result of the additional undergrounding costs) and for this site the scope for increases is limited.

#### **Small Case Study Sites (Case Studies 8 - 85)**

4.16 The smaller case studies are hypothetical schemes representative of future development in Monmouthshire (away from the strategic sites). They are based on information about sites allocated in the LDP but should also be representative of windfall developments. The small

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<sup>21</sup> Only ecological mitigation totalling £34,700 for the whole site.

case studies vary in size from 1 to 35 dwellings. The choice of small case studies reflects a number of factors:

- Build costs vary between single dwelling developments and developments of two/three dwellings. Build costs also vary between developments of two/three dwellings and four or more dwellings<sup>22</sup>.
- Values differ between 1-3 dwelling developments and 4 or more dwellings<sup>23</sup>.
- Policy S4 requires that on developments of 5 or more dwellings where 35%/25% affordable housing is required, the number of units is rounded, with ½ unit rounding up. In practice this means that the affordable housing requirement will vary around the 35%/25% headline rates. The effect is most pronounced for the smaller sites (below 25 dwellings). Above 30 dwellings the effect is de minimis and has been ignored for 35 dwelling case study testing.

### **Case Studies 8-76**

- 4.17 The first group of small case studies are of developments that will provide the ‘normal’ policy level of affordable housing i.e. 25% in Severnside and 35% elsewhere. These case studies range from single dwellings to 35 dwellings in the market towns and Severnside. Different development sizes are tested in Severnside and in the market towns to ensure that the testing takes account of the instances where the requirement is above the headline rate because of rounding up of affordable units.
- 4.18 For these small case studies, we assume that development occurs within one year and we follow a similar approach to that used for the other testing, with the benchmark land value deducted from the residual value to estimate the additional value available for a CIL charge.
- 4.19 Tables 4-3 and 4-4 below set out the key characteristics of the small case studies, all other assumptions are as for the notional 1 ha scheme including an assumption that all dwellings have to meet a residual s106 payment of £1,000 per dwelling and there is an additional cost to provide sprinklers.
- 4.20 The 1, 2 and 3 dwelling case studies are tested using higher build costs, as referred to above and discussed in section 2. The impact of these higher build costs are particularly evident for the single dwelling developments<sup>24</sup>. These smaller sites are also tested with 10% higher values, reflecting the likely premium over estate housing. The single dwelling case study is also tested at 20% premium as a sensitivity test.
- 4.21 Tables 4-3 and 4-4 also note the unrounded affordable dwellings required by the headline policy and the rounded figures used for the testing.

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<sup>22</sup> See section 2 for the details of build costs used

<sup>23</sup> See section 2 for details of the dwelling values used

<sup>24</sup> Although this does not preclude the possibility that single development may come forward at costs similar to the 2 and 3 dwelling developments.

**Table 4-3 Severnside Small Case Study Characteristics**

Dwgs	Gross ha	Policy target AH dwgs	Rounded AH dwgs used for testing	Actual AH %	Dwelling Mix
35	1.17	8.75	8.75	25.00%	30 dph blended mix of terrace/semi/detached
34	1.14	8.50	9.00	26.47%	30 dph blended mix of terrace/semi/detached
30	1.03	7.50	8.00	26.67%	30 dph blended mix of terrace/semi/detached
26	0.87	6.50	7.00	26.92%	30 dph blended mix of terrace/semi/detached
23	0.77	5.75	6.00	26.09%	30 dph blended mix of terrace/semi/detached
22	0.74	5.50	6.00	27.27%	30 dph blended mix of terrace/semi/detached
19	0.64	4.75	5.00	26.32%	30 dph blended mix of terrace/semi/detached
18	0.60	4.50	5.00	27.78%	30 dph blended mix of terrace/semi/detached
15	0.50	3.75	4.00	26.67%	30 dph blended mix of terrace/semi/detached
14	0.47	3.50	4.00	28.57%	30 dph blended mix of terrace/semi/detached
11	0.37	2.75	3.00	27.27%	30 dph blended mix of terrace/semi/detached
10	0.33	2.50	3.00	30.00%	30 dph blended mix of terrace/semi/detached
7	0.23	1.75	2.00	28.57%	30 dph blended mix of terrace/semi/detached
6	0.20	1.50	2.00	33.33%	30 dph blended mix of terrace/semi/detached
4	0.13	1.00	1.00	25.00%	30 dph blended mix of terrace/semi/detached
3	0.10	0.75	0.75	25.00%	30 dph blended mix of terrace/semi/detached
2	0.07	0.50	0.50	25.00%	Two 4 bed detached houses
1	0.03	0.25	0.25	25.00%	One 4 bed detached house

**Table 4-4 Market Towns Small Case Study Characteristics**

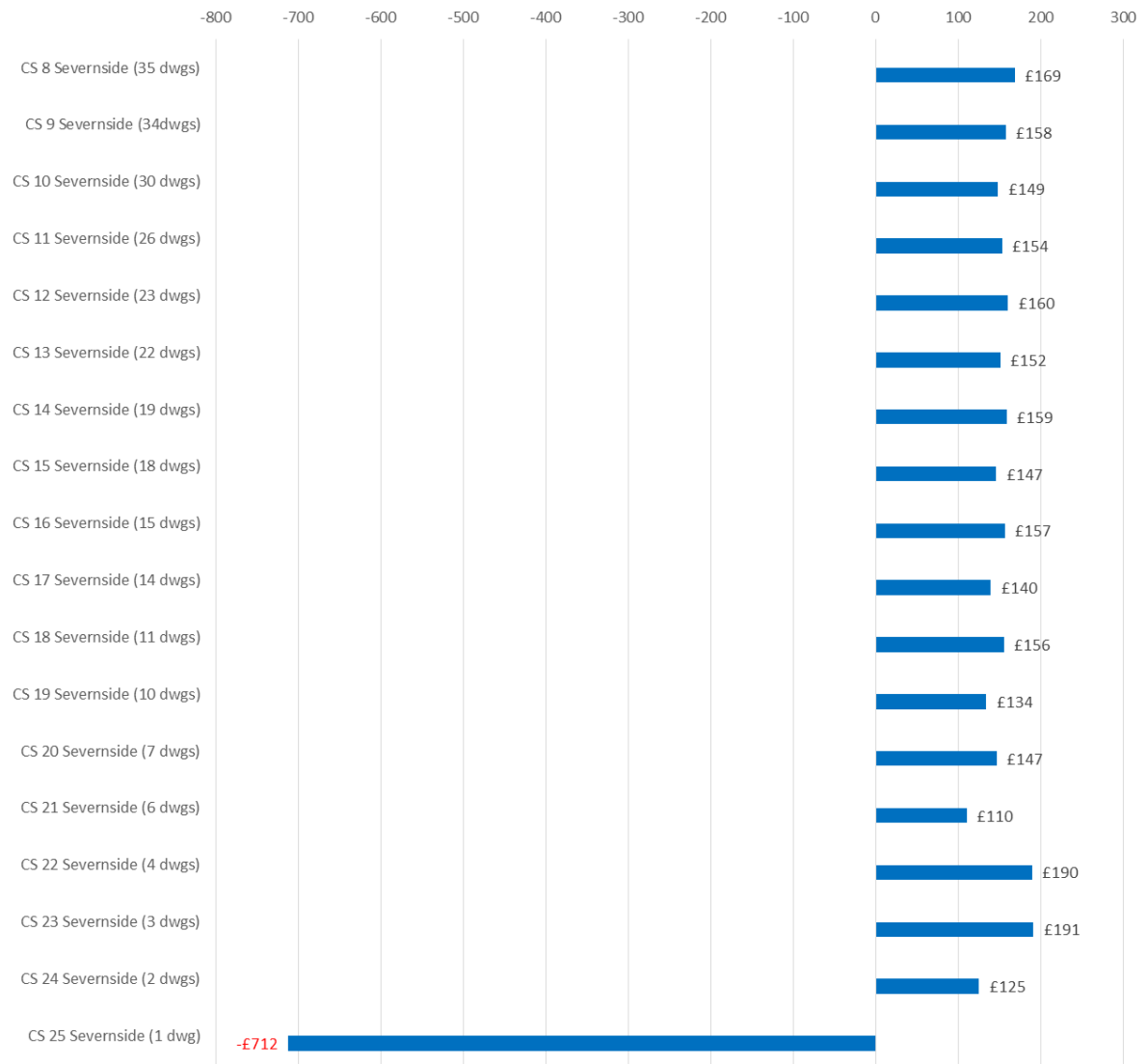
Dwgs	Gross ha	Policy target AH dwgs	Rounded AH dwgs used for testing	AH %	Dwelling Mix
35	1.17	12.25	12.25	35.00%	30 dph blended mix of terrace/semi/detached
33	1.10	11.55	12.00	36.36%	30 dph blended mix of terrace/semi/detached
30	1.00	10.50	11.00	36.67%	30 dph blended mix of terrace/semi/detached
25	0.84	8.75	9.00	36.00%	30 dph blended mix of terrace/semi/detached
22	0.74	7.70	8.00	36.36%	30 dph blended mix of terrace/semi/detached
19	0.64	6.65	7.00	36.84%	30 dph blended mix of terrace/semi/detached

Dwgs	Gross ha	Policy target AH dwgs	Rounded AH dwgs used for testing	AH %	Dwelling Mix
16	0.54	5.60	6.00	37.50%	30 dph blended mix of terrace/semi/detached
13	0.44	4.55	5.00	38.46%	30 dph blended mix of terrace/semi/detached
11	0.37	3.85	4.00	36.36%	30 dph blended mix of terrace/semi/detached
10	0.33	3.50	4.00	40.00%	30 dph blended mix of terrace/semi/detached
8	0.26	2.80	3.00	37.50%	30 dph blended mix of terrace/semi/detached
5	0.17	1.75	2.00	40.00%	30 dph blended mix of terrace/semi/detached
4	0.13	1.40	1.40	35.00%	30 dph blended mix of terrace/semi/detached
3	0.10	1.05	1.05	35.00%	30 dph blended mix of terrace/semi/detached
2	0.07	0.70	0.70	35.00%	Two 4 bed detached houses
1	0.03	0.35	0.35	35.00%	One 4 bed detached house

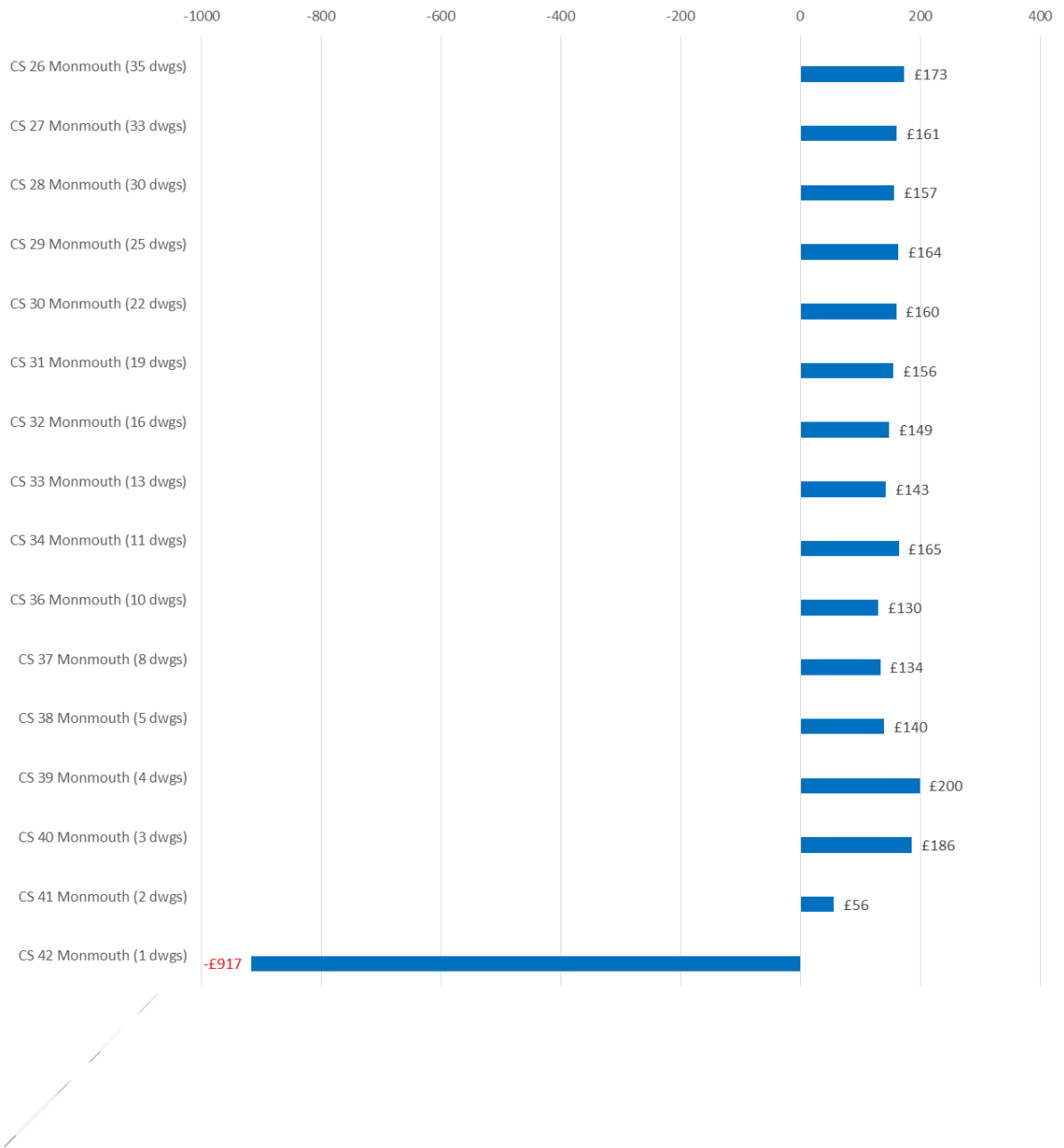
4.22 The results of the viability testing for the small case studies are set out in the following charts.



**Figure 4-2 Severnside Small Site Case Studies 8 - 25 Maximum Potential CIL**



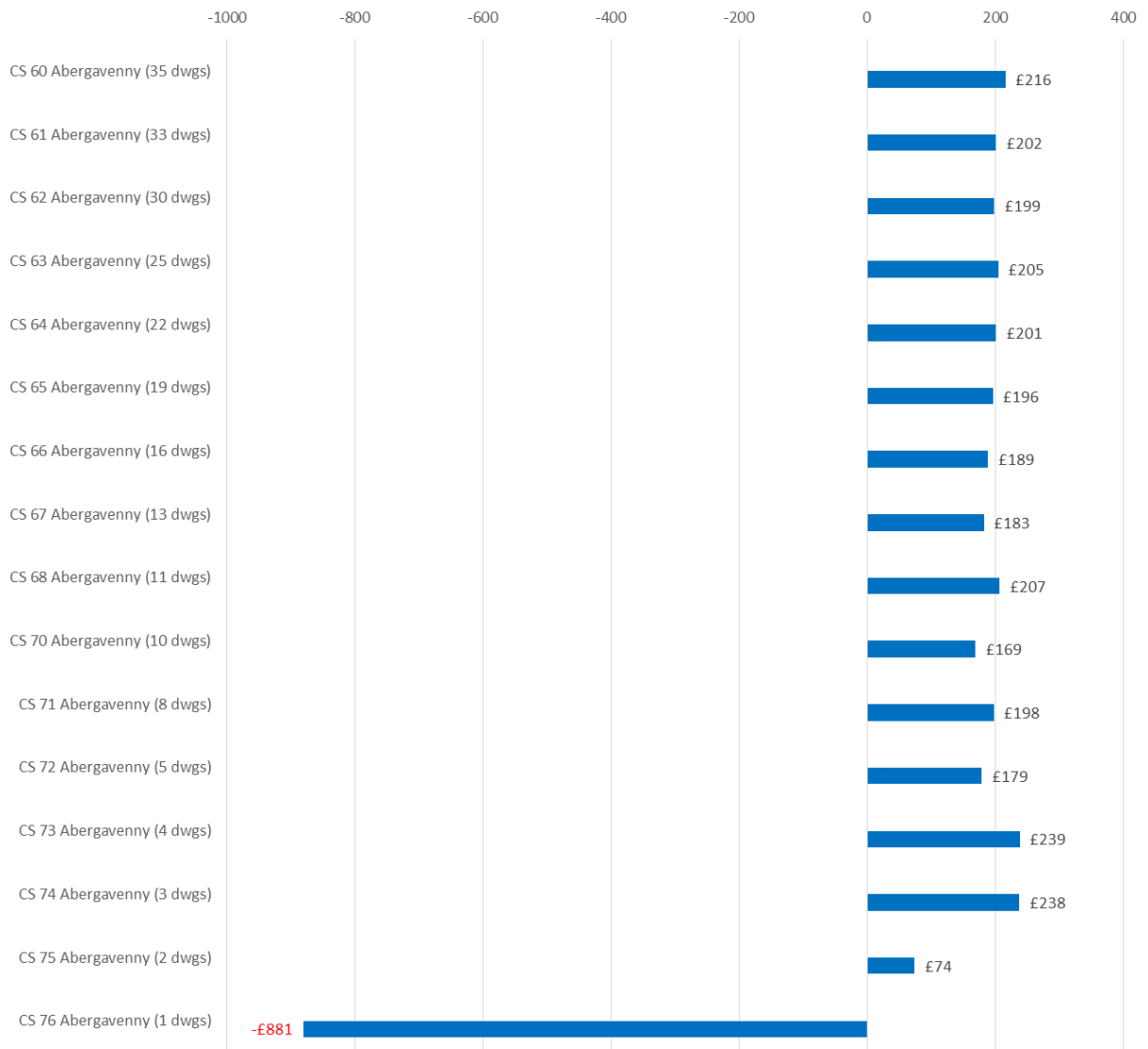
**Figure 4-3 Monmouth Small Site Case Studies 26-42 Maximum Potential CIL**



**Figure 4-4** Chepstow Small Site Case Studies 43 - 59 Maximum Potential CIL



**Figure 4-4 Abergavenny Small Site Case Studies 60 - 76 Maximum Potential CIL**



- 4.23 Most of the case studies 8 to 76 all generate residual values over the land value benchmark and therefore can potentially make some level of CIL payment. The main issue with these smaller case studies is the single dwelling sites, where despite the value premium, the considerably higher build costs result in much poorer viability.
- 4.24 The two dwelling case studies comprise two 4-bed houses and these are viable, although at a lower maximum potential CIL. Along with the poor viability for the single dwelling sites, the relatively weak viability for the two dwelling sites is the main difference between the various case studies and is apparent across the different value areas tested. The three dwelling case studies (which use the standard 30 dph mix of house types) are more viable, and demonstrate similar viability to the rest of the case studies. This suggests that while a pair of four bed

detached houses on a site is very plausible, other dwelling mixes may provide better viability where the site is suitable<sup>25</sup>.

- 4.25 There is relatively little difference between the viability of the larger of these small case studies within each value zone. The differences between value zones reflect the lower values in Severnside and the higher values in Chepstow, with Abergavenny and Monmouth falling between them. Note that the extent of the difference in value zones between Severnside and the market towns is masked by the lower proportions of affordable housing built into the Severnside modelling.
- 4.26 The single dwelling schemes have also been modelled with a 20% premium in values as a sensitivity test as single dwellings may attract considerably higher values than estate housing in some circumstances. While this strengthened the viability, it still failed to compensate for the higher build costs<sup>26</sup>. Therefore, even with this premium single dwelling developments are unable to support a CIL.
- 4.27 The conclusions about the CIL that might be supported by these types of site are:
- Single dwelling sites have little ability to pay CIL
  - Other small sites of two or three dwellings can support a CIL payment. The detail of the dwelling mix will have an impact on viability and the two dwelling sites modelled have a poorer viability than the three dwelling sites. The two dwelling sites can support a theoretical maximum CIL of between £56/sq m and £115/sq m; and the three dwelling case studies can support a theoretical maximum CIL of between £186/sq m to £294/sq m.
  - Four to 35 dwelling sites may be able to support a theoretical maximum CIL of between £110/sq m and £303/sq m, depending on the value area.
- 4.28 The PCDS proposed a CIL of £60/sq m for non-strategic sites in Severnside and £110/sq m for non-strategic sites elsewhere (except for developments providing more than 35% affordable housing). The findings from these small sites case studies suggests that this needs to change, with single dwelling sites not able to pay CIL and some two dwelling developments only able to support a lower CIL. Apart from that, the other proposed charges of £60/sq m for non-strategic sites in Severnside and £110/sq m for non-strategic sites elsewhere can be supported and if necessary, increased. However, this would result in some two dwelling sites being unviable if they were included in these CIL charges.

#### **Case Studies 77-85**

- 4.29 The adopted LDP includes a policy which allows some residential development in villages but only when this achieves a high proportion of affordable housing. The relevant extract from the LDP is shown below.

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<sup>25</sup> Sensitivity testing with alternative dwelling mixes for the 2 dwelling case studies added 13% to the residual value in Severnside and 42% to the residual value in Abergavenny.

<sup>26</sup> The additional values sensitivity tests added c.£200/sq m on the residual values.

**Figure 4-3 Extract from Monmouthshire County Council Local Development Plan – Policy S4**

**In the Main Villages identified in Policy S1:**

- Development sites with a capacity for 3 or more dwellings will make provision for at least 60% of the total number of dwellings on the site to be affordable.

**In the Minor Villages identified in Policy S1 where there is compliance with Policy H3:**

- Development sites with a capacity for 4 dwellings will make provision for 3 dwellings to be affordable.
- Development sites with a capacity for 3 dwellings will make provision for 2 dwellings to be affordable.

4.30 We have tested this policy but only in the rural rest of Monmouthshire value area. There is no specific land value benchmark that can be easily identified for these sites as they are not available for other forms of development. However, it is highly unlikely that they would be brought forward if the residual value did not at least exceed agricultural land value.

4.31 The following table sets out the characteristics of the sites, which includes one larger scheme at 15 dwellings and different schemes of 1, 2, 3 or 4 dwellings. All assumptions are as for the 1 ha tile. However, we have considered the composition of the small case studies in more detail and have taken advice from the Council on the make-up of the 15 dwelling scheme. Case studies 78-82 relate to the *Main Villages* and case studies 83 to 86 relate to the *Minor Villages*.

**Table 4-4 Details of Case Studies 77 to 85**

Case Study	Scheme	MVA	Gross ha	Development Period	Market %	AH %
77	Main villages (4 dwgs)	Rural	0.13	1 year	40%	60%
78	Main villages (3 dwgs)	Rural	0.10	1 year	40%	60%
79	Main villages (2 dwgs)	Rural	0.07	1 year	40%	60%
80	Main villages (1 dwgs)	Rural	0.03	1 year	40%	60%
81	Main Villages (15dwgs)	Rural	0.50	1 year	40%	60%
82	Minor Village (4 dwgs)	Rural	0.13	1 year	25%	75%
83	Minor Village (3 dwgs)	Rural	0.10	1 year	33%	67%

Case Study	Scheme	MVA	Gross ha	Development Period	Market %	AH %
84	Minor Village Small (2 dwgs)	Rural	0.07	1 year	33%	67%
85	Minor Village Small (1 dwg)	Rural	0.03	1 year	33%	67%

- 4.32 The residual values generated by the schemes are set out in Table 4.5 below. This demonstrates that the *Main Village* three and four dwelling case studies and 15 dwelling schemes generate a value well in excess of agricultural land values at 60% affordable housing (although less than the standard urban benchmark), while the *Main Village* two and single dwelling schemes are not viable. Again, the higher build costs (especially for the single dwelling scheme) and the impact of the dwelling mix are the main reasons for the poorer viability for the single and two dwelling schemes compared to the larger exception sites.
- 4.33 At higher proportions of affordable housing in *Minor villages* viability is weaker although the three and four dwelling schemes are stronger than the single and two dwelling schemes. The relative lack of viability means that most of these schemes are only likely to proceed if values are higher or costs lower than those modelled here.
- 4.34 Delivery of the Local Development Plan is not dependent on these affordable-led schemes and the Council acknowledges that they will only proceed where the specific format of a scheme and local circumstances generate sufficient value above the costs of development. It is clear that overall the emphasis for these sites is providing affordable housing and there is no opportunity to charge CIL on these exception sites.

**Table 4-5 Residual Value for Case Studies 77 to 85 – Exception Sites**

Case Study	Scheme	MVA	AH %	Residual Value	Residual Value/gross ha	Residual Value/plot
77	Main villages (4 dwgs)	Rural	60%	£72,000	£553,846	£18,000
78	Main villages (3 dwgs)	Rural	60%	£46,000	£460,000	£15,333
79	Main villages (2 dwgs)	Rural	60%	-£12,000	-£179,104	-£6,000
80	Main villages (1 dwgs)	Rural	60%	-£89,000	-£2,696,970	-£89,000
81	Main Villages (15dwgs)	Rural	60%	£263,000	£526,000	£17,533
82	Minor Village (4 dwgs)	Rural	75%	-£5,000	-£38,462	-£1,250
83	Minor Village (3 dwgs)	Rural	67%	£17,000	£170,000	£5,667
84	Minor Village (2 dwgs)	Rural	67%	-£41,000	-£611,940	-£20,500
85	Minor Village (1 dwg)	Rural	67%	-£105,000	-£3,181,818	-£105,000

**Case studies 86-90 Retirement Housing**

4.35 The testing has also included a retirement housing scheme of 50 units on a 0.5ha plot, located in each of the value areas at the relevant affordable housing percentage. The retirement schemes were not viable in any of the value zones at policy compliant affordable housing. It remains possible that retirement schemes will come forward, perhaps on the basis of negotiated affordable housing. However, it would be prudent to exempt all retirement housing from CIL.

**Other Housing**

4.36 Care homes are considered under the separate non-residential viability testing.

4.37 The Council has advised that there is no market for student accommodation in Monmouthshire and therefore there is no purpose in testing its viability nor any evidence on which to base any testing.

**Summary**

4.38 The CIL rates in the PCDS will need to be amended to take account of the updated costs and values tested for the current study. This includes changes to the specific costs associated with



the strategic sites as well as the general costs and values. The higher build costs associated with smaller sites has had an impact on the CIL that may be raised from this scale of development although, build costs for schemes of 2 or 3 dwellings are less than for single dwelling developments.

- 4.39 The potential CIL from the strategic sites varies, with the cost of site-specific infrastructure having more of an impact than location. Apart from the Wonastow Road site which is potentially able to support a CIL of over £274/sq m, the majority of the rest of the strategic sites are able to support a theoretical maximum CIL of between £170/sq m to £238/sq m. The clear exception to this is SAH3 Fairfield Mabey which is marginal and unable to support any CIL, and also SAH1 Deri Farm which has to bear relatively high infrastructure costs and can only support a theoretical maximum CIL of £104/sq m.
- 4.40 Small sites in the market towns and Severnside show relatively strong viability, with theoretical maximum CIL rates of £110/sq m to £303/sq m – except for the smallest sites.
- The two dwelling schemes modelled are less viable than developments with three or more dwellings.
  - Single dwellings are modelled using particularly high build costs in line with BCIS. These are not viable at this level of cost, even with premium values. They are not able to support any CIL.
- 4.41 All the above rates are theoretical maximum rates and should take into account the need to introduce a viability buffer.
- 4.42 Village schemes required to provide a high percentage of affordable housing are very varied in the residual values they generate. It is unlikely that they can make any CIL payments and remain viable.
- 4.43 Retirement housing is unable to support a CIL.

## 5 RESIDENTIAL VIABILITY CONCLUSIONS

### Introduction

- 5.1 This viability study has been undertaken to update the viability findings in order to consider whether the CIL rates proposed in the PDCS remain sound or need to be changed.
- 5.2 The process for developing potential CIL rates is a set of structured qualitative judgements which takes account of the type of development being tested and the role of this development in delivering the adopted Local Development Plan.
- 5.3 Comparing the results from the current viability study with those of a year ago, the strengthening market and payment for affordable housing based on ACGs has had a bigger impact on the residual values calculated than the changes in build costs and use of DQR for the affordable housing over the same period. For some of the strategic sites, the changes in the site specific infrastructure required have also changed the viability. The variations in the viability demonstrate the impact of changes in the testing assumptions, and it would be prudent to take a conservative view about the potential changes to CIL.
- 5.4 However the difference in values in different parts of Monmouthshire remains, with values in Severnside remaining lower than other parts of the area. Set against this in terms of setting a CIL rate is the lower affordable housing proportion required in Severnside.
- 5.5 The testing using the 1ha tiles and the smaller case studies shows that the PDCS proposed £60/sq m for non-strategic development in Severnside and £110/sq m for non-strategic development in the main towns and rural Monmouthshire remains broadly sound, with the proviso that single dwelling developments could be set at £0 CIL as a precaution against the higher build costs. Some two dwelling schemes are below this level, and it may be necessary to set a lower or £0 CIL for these. However other schemes are able to support a significantly higher CIL charge. As discussed in section 4, the village affordable-led schemes and the retirement housing schemes are not able to support a CIL.
- 5.6 For the strategic sites, Sudbrook Mill is now able to support a CIL while Fairfield Mabey is no longer able to support CIL. Apart from Fairfield Mabey, all of the strategic sites can support the £60/sq m in the PCDS and apart from Deri Farm and Fairfield Mabey, most of the strategic sites could afford considerably more. Taking this into account, the revised CIL rates in Table 5-1 are proposed.
- 5.7 These rates take account of a 30% buffer applied to the theoretical maximum CIL rates discussed earlier, as well as reflecting the CIL guidance preference for simplicity. This also preserves a substantial buffer for the majority of strategic sites, which will help to ensure delivery is less susceptible to future adverse cost or value changes.
- 5.8 Non-strategic development in Monmouth is able to meet the proposed £120/sq m rate although the buffer is considerably less than 30% in some cases. Therefore the £100/sq m rate is proposed in order to maintain a suitable buffer in this location.
- 5.9 The proposed rate of £120/sq m for non-strategic development (£80/sq m in Severnside) may render some two dwelling sites unviable, although it is likely that different dwelling mixes will

improve viability for some development. However on a precautionary basis a zero rate is recommended for two dwelling developments.

**Table 5-1 Recommended CIL Rates**

Development	Recommended CIL rates
SAH1 Deri Farm, Abergavenny	£60
SAH2 Crick Road, Portskewett	£80
SAH3 Fairfield Mabey, Chepstow	£0
SAH4 Wonastow Road, Monmouth	£80
SAH5 Rockfield Farm, Undy	£80
SAH6 Vinegar Hill, Undy	£80
SAH7 Sudbrook Paper Mill	£80
Sites of less than 3 dwellings anywhere in Monmouthshire	£0
Non-strategic development of 3 or more dwellings in Severnside	£80
Non-strategic development of 3 or more dwellings in Monmouth	£100
Other non-strategic development of 3 or more dwellings elsewhere in Monmouthshire	£120
Main and minor village affordable housing-led schemes	£0
Retirement housing	£0

- 5.10 On a ‘typical’ 85 sq m market 3 bed semi the proposed charges would be £6,800 where the £80/sq m rate applies and £10,200 where the £120/sq m rate applies. The equivalents will be £10,400 and £15,600 respectively for a 130 sq m four bed detached house. This would be in addition to the typical £1,000/dwelling residual s106 and any of the obligations affecting development on the strategic sites. This compares to the current typical s106 payments of £6,000-£7,000 per dwelling, indicating much of the development in Monmouthshire will be paying more under CIL than s106, particularly non-strategic development in higher value areas. Sites of less than 3 dwellings will be unaffected by CIL. CIL will remain a small part of the development costs and value – e.g. Case study 70 with 10 dwellings in Abergavenny will have a CIL of £120/sq m totalling approximately £85,320 which is 5.2% of total scheme development cost (excluding land purchase) and 4.3% of gross development value.
- 5.11 It is likely that most of the single dwelling developments will be classified as custom or self-build, which are exempt from CIL. As a result having a £0 CIL rate for single dwellings will probably not make much difference to the CIL revenue available to pay for infrastructure.

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# Monmouthshire County Council Community Infrastructure Levy Viability Assessment

## Addendum – Update of Non-Residential Viability Assessment

On behalf of **Monmouthshire County Council**

Project Ref: 29225 | Rev: AA | Date: September 2015



## Document Control Sheet

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	Name	Position	Signature	Date
<b>Prepared by:</b>	Tom Marshall	Graduate	TM	September 2015
<b>Reviewed by:</b>	Mark Felgate	Associate	MF	September 2015
<b>Approved by:</b>	John Baker	Partner	JB	September 2015
<b>For and on behalf of Peter Brett Associates LLP</b>				

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**Appendices**

Appendix A Evidence of rents and yields used

# 1 Introduction

## 1.1 Introduction and requirement for further testing

- 1.1.1 In May 2014, Three Dragons and Peter Brett Associates were jointly commissioned to undertake an Economic Viability Assessment of development within Monmouthshire County Council to provide the Council with evidence to assist in drawing up a Community Infrastructure Levy (CIL).
- 1.1.2 Residential developments were analysed by Three Dragons whilst the Non Residential uses were analysed by Peter Brett Associates. The results of which were set out in the document titled **Monmouthshire County Council – Community Infrastructure Levy Viability Assessment**.
- 1.1.3 In order to provide information regarding these decisions it is important, and set out in planning guidance, that relevant, up-to-date costs and values are used as part of the testing.
- 1.1.4 The purpose of this addendum report is to update the cost and value assumptions as set out in the original report (**Monmouthshire County Council – Community Infrastructure Levy Viability Assessment**) for non-residential uses. It is intended that that this addendum is read in conjunction with the original report as the same approach to testing has been undertaken and many of the assumptions used in testing are also the same. Where a different approach is taken it will be highlighted in following chapters.
- 1.1.5 The remainder of the document is separated into 4 sections:
- Non-Residential Assumptions
  - Results of Non-Residential assessments
  - Recommendations
  - Appendices



## 2 Non-Residential Assumptions

### 2.1 Typologies

2.1.1 PBA re-consulted with Monmouthshire County Council in order to determine whether there was a requirement to test any further development types. It was decided that the typologies tested in the original study remained representative of the type of development expected. However, as a result of previous consultation, it was also requested that the viability assessment included two extra typologies. The new typologies test A3 units (restaurants, café's etc), one located in a town centre and the other in an out of town locations, and are numbered 12 and 13 respectively in table 2.1 below. To be clear about the retail typologies, a definition is included within Appendix B. In terms of setting any CIL rates it is recommended that the Charging Authority include definitions within the schedule to make clear as to how any charges will be applied. Table 2.1 also identifies the gross internal area (in square metres) of each typology and overall site area (in hectares) for each of the developments, which are unchanged since the previous report.

Table 2.1: Typologies, Gross Internal area (GIA) and Site area (hectares)

Type	GIA sq.m	Site Area
1: Town Centre Office	500	0.04
2: Business Park	2,000	0.29
3: Industrial	1,000	0.20
4: Warehouse	2,000	0.40
5: Local Store - Out of centre (Convenience)	200	0.02
6: Supermarket (Convenience)	1,200	0.24
7: Out of centre Retail Warehouse (Comparison)	1,000	0.20
8: Town Centre Retail (Comparison)	200	0.02
9: Hotel	800	0.10
10: Carehomes	2,600	0.33
11: Town Centre Retail (Convenience)	250	0.03
12: Restaurant and Café uses (A3) In Centre	500	0.05
13: Restaurant and Café uses (A3) Out of Centre	500	0.05

### 2.2 Build Costs

2.2.1 It is well documented that non-residential build costs have gone up over recent years, including since the last report in May 2014. Whilst there is a suggestion that these costs may fall again, the guidance requires the use of current costs and values. In addition to the costs in the Table 2.2, we also apply an increase of 10% to allow for externals. .

Table 2.2: Build Costs (per square metre)

Type	Build cost (per sq.m)
1: Town Centre Office	£1,281
2: Business Park	£1,332
3: Industrial	£733
4: Warehouse	£534
5: Local Store - Out of centre (Convenience)	£1,041
6: Supermarket (Convenience)	£1,325
7: Out of centre Retail Warehouse (Comparison)	£619
8: Town Centre Retail (Comparison)	£1,130
9: Hotel	£1,177
10: Carehomes	£1,192
11: Town Centre Retail (Convenience)	£1,183
12: Restaurant and Café uses (A3) In Centre	£1,412
13: Restaurant and Café uses (A3) Out of Centre	£1,412

## 2.3 Sales values and Yields

2.3.1 PBA have conducted further research in order to ensure that the most up to date rent and yield values are used for this study. Similar to the original report these are taken from

- Analysis of COSTAR data and EGI, which are databases containing transactions for commercial properties;
- Data of units currently advertised through websites such as Estates Gazette, Completely Retail and RightMove. Examples of which are set out in Appendix A.
- Discussions with the local development industry.

2.3.2 Following this research PBA have arrived at the rental values and yields set out in Table 2.3.

Table 2.3: Rental values (per square metre per annum) and yields used

Type	Rent	Yield
1: Town Centre Office	£95	8.00%
2: Business Park	£90	8.00%
3: Industrial	£55	12.00%
4: Warehouse	£40	12.00%
5: Local Store - Out of centre (Convenience)	£145	7.50%
6: Supermarket (Convenience)	£185	5.50%
7: Out of centre Retail Warehouse (Comparison)	£140	7.50%

8: Town Centre Retail (Comparison)	£165	8.00%
9: Hotel	£140	7.25%
10: Carehomes	£3,700	7.00%
11: Town Centre Retail (Convenience)	£165	7.50%
12: Restaurant and Café uses (A3) In Centre	£175	7.00%
13: Restaurant and Café uses (A3) Out of Centre	£155	7.00%

## 2.4 Land Values

- 2.4.1 Through analysis of sites such as Right Move, Focus Costar and EGI, along with consultation with various agents, PBA have updated the land values used in the assessment, as outlined in table 2.4.

Table 2.4: Land Values (per net hectare)

Type	Land Values (£ per hectare)
1: Town Centre Office	£800,000
2: Business Park	£600,000
3: Industrial	£400,000
4: Warehouse	£400,000
5: Local Store - Out of centre (Convenience)	£800,000
6: Supermarket (Convenience)	£1,200,000
7: Out of centre Retail Warehouse (Comparison)	£1,000,000
8: Town Centre Retail (Comparison)	£1,000,000
9: Hotel	£800,000
10: Carehomes	£500,000
11: Town Centre Retail (Convenience)	£1,000,000
12: Restaurant and Café uses (A3) In Centre	£1,000,000
13: Restaurant and Café uses (A3) Out of Centre	£800,000

## 2.5 Other assumptions used

- 2.5.1 Table 2.5 sets out the assumptions that are used in the assessment. The majority of the assumptions used in the study are identical to the ones used in the original, with the exception of the assumption for the consideration of S106/S278 costs. Although it is acknowledged that developer contributions have an impact on the viability of a project, rather than including a specific figure within the appraisal, a larger buffer is used to take into account any scope for S106/S278.

Table 2.5: Other assumptions used

Cost	Description	% used in appraisal
Allowance for externals	These covers external build costs for site preparation and includes items such as internal access roads, car parking, landscaping, drainage, utilities and services within the site.	<b>10%</b> calculated as a percentage of build costs
Professional fees	In this particular study professional fees are based upon that used previously to be consistent but it is acknowledged that these are highly conservative in the current market and could be lower.	<b>12%</b> calculated as a percentage of build costs.
Contingency	Contingency is based upon the risk associated with each site	<b>5%</b> calculated as a percentage of construction cost.
Sale costs	This is an allowance for legal, surveyor and marketing fees and based on industry accepted scales.	<b>4%</b> Calculated as a percentage of gross development value
Finance costs	Based upon the likely cost of development finance we have used current market rates of interest.	<b>6.5%</b>
Profit	Gross development profit (includes overheads)	<b>20%</b> as a percentage of total development costs
Professional fees on land purchase	This input represents the fees associated with the land purchase and are based upon the following industry standards	<b>1% for surveyors</b> and <b>0.75% for legal costs</b> as a percentage of the Residual land value
Stamp duty	A Stamp Duty Land Tax is payable by a developer when acquiring development land.	Standard variable rates set out by HMRC (0% – 4%) depending on size of the Residual land value

## 3 Results of Non-Residential Assessment

### 3.1 Introduction

- 3.1.1 This section sets out the assessment of non-residential development viability and also summarises the effect on viability of changes in values and costs, and how this might have an impact on the level of developer contribution. The tables below summarise the detailed assessments, and represent the residual value per square metres after values and costs, including land have been calculated.
- 3.1.2 It is important to note that the analysis considers development that might be built for subsequent sale or rent to a commercial tenant. However there will also be development that is undertaken for specific commercial operators either as owners or pre-lets.

#### B-class uses

- 3.1.3 Consistent with the findings from the original report, and in line with findings from analysis of other locations in both England and Wales, commercial B-class development remains unviable. The four typologies associated with B-class uses, town centre offices, business parks, industrial units and warehouses all demonstrated low rental values, and as such were unable to generate sufficient value to justify a CIL charge.

Table 3.1: Non Residential viability results – B-class uses

	1: Town Centre Office	2: Business Park	3: Industrial	4: Warehouse
B class uses	-£798	-£935	-£671	-£511

#### Retail

- 3.1.4 As identified in the original report, there remains a clear difference in viability between the uses with supermarkets and retail warehouses compared to the rest, demonstrating scope for a levy for these types of developments. These sectors continue to perform the best both locally and at the national level.
- 3.1.5 In terms of the other three typologies; Town centre retail (convenience), Town centre (comparison) and Local store (convenience) - whilst all considered viable (albeit to a much smaller degree than supermarkets and retail warehouses), the overall picture is noticeably varied. Convenience retail, both in and out of centre, is considered more viable than town centre comparison units where viability is only seen as marginal. As the appraisal does not account for s106 costs it is advisable that little or no levy is considered for small scale convenience (5 and 11) and in centre comparison (8).

Table 3.2: Non Residential viability results – Retail uses

	5: Local Store - Out of centre (Convenience)	6: Supermarket (Convenience)	7: Out of centre Retail Warehouse (Comparison)	8: Town Centre Retail (Comparison)	11: Town Centre Retail (Convenience)
Retail uses	£57	£605	£415	£31	£43

### A3 uses

- 3.1.6 PBA’s viability testing shows a clear difference between A3 units located within the centre and out of the centre. Despite this, both have considerable build costs involved and neither generate sufficient revenue to charge a levy.

Table 3.3: Non Residential viability results – A3 uses

	12: Restaurant and Café uses (A3) In centre	13: Restaurant and Café uses (A3) Out of centre
A3 uses	£5	-£197

### Hotel development

- 3.1.7 As discussed in the original report, the hotel market within Monmouthshire still does not realise sufficient residual value to warrant a positive levy charge.

Table 3.4: Non Residential viability results – Hotel

	9: Hotel
Hotel	-£140

### Care homes

- 3.1.8 Similarly, care homes continue to struggle with in Monmouthshire in viability terms. These developments often have considerably high build costs, and coupled with relatively low development values, fail to generate a headroom in which to charge a levy.

Table 3.5: Non Residential viability results – Care homes

	10: Carehomes
Care homes	-£939

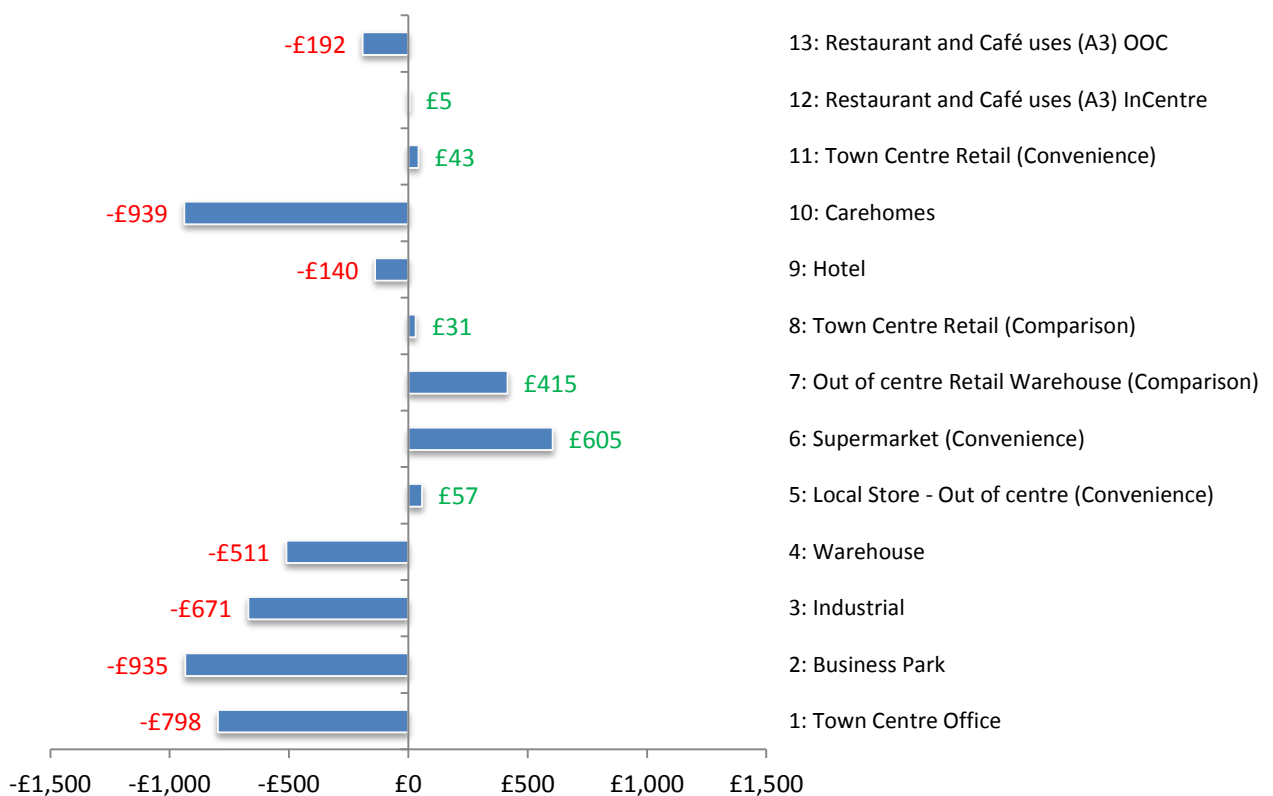
## 4 Recommendations

### 4.1 Scope for CIL

4.1.1 Figure 4.1 illustrates the maximum headroom available to charge on each scheme. As discussed in the previous section there is scope to charge CIL for Supermarkets and Retail warehouses. In terms of supermarkets, the testing identifies a headroom of £605 for supermarkets and a maximum headroom of £415 for retail warehouses.

4.1.2 The evidence suggests that aside from these uses there is little or no scope to charge a rate.

Figure 4.1: Summary of headroom for each use – maximum CIL per sq m



4.1.3 PBA would therefore advise that the rate's set out below remain applicable in this instance:

- £200 per square metre for out of centre comparison uses
- £200 per square metres for convenience retail over 280 sq. m
- £0 for all other non-residential development

4.1.4 It is considered that at this level a sufficient buffer is present (greater than 50% for both supermarkets and retail warehouses) to ensure viability is not adversely impacted. A considerable buffer has been implemented, in order to take into consideration the fact that S106/S278 costs were not included in the appraisal.

## 4.2 Sensitivity testing

- 4.2.1 In order to inform the council's decision making on the levy, PBA have also conducted sensitivity testing in order to show how various changes in the development climate affect the headroom available for CIL.
- 4.2.2 The two key factors that have in recent years had considerable effects on the viability are changes in build costs and changes in sales values. It is important that these forecasts act as a guide to show what would happen at various rental increases rather than relied on as fact. Rental and build costs are open to a number of factors and, as with many forecasts, the actual rental values may differ significantly. As such, the purpose of the testing is for this to act as a signal whereby the local authority may wish to review the viability evidence if there are concerns that costs have increased greater than sales values.

### Changes in build costs

- 4.2.3 In addition to providing current build costs per square metre, BCIS also provides a forecast of these figures for future years. For the Monmouthshire region, BCIS estimate that build costs may increase by 4.7% in the next year and 9.8% in the next two years.

### Changes in sales values

- 4.2.4 Forecasts for likely changes in rental values in the commercial market are significantly harder to determine. Rental values are considered as much more dependent on very localised characteristics, and as such very few commentators have published forecasts for likely future changes.
- 4.2.5 The Investment Property Forum published research in February 2015 that provided five year forecasts (between 2015 and 2019) of all-property rental increase of 2.6% per annum. We have therefore based our sensitivity analysis on a rental increase of 2.6% in this year and by 5.27% in the next two years.

## 4.3 Results of sensitivity testing

### 1 year forecast

- 4.3.1 Table 4.1 shows the results of the appraisal set out previously, alongside the effects of various changes in assumptions, namely, when build costs increase by 4.7%, sales values increase by 2.6% and finally when both build costs and sales values increase by 4.7% and 2.6% respectively.
- 4.3.2 The sensitivity suggests:
- B class uses remain unviable at any of these changes.
  - Similarly, Hotel, Care homes and A3 uses remain unviable.
  - There is sufficient headroom for both Supermarket and Out of town Retail Warehouse typologies to accommodate a £200 CIL Levy, even when build costs increase and sales values remain constant.
  - For small scale out of centre convenience stores and town centre convenience stores, an increase in sales values accompanied with constant build costs would provide greater scope for charging a levy.



Table 4.1: Sensitivity testing: 1 year

	Current	Build costs 1 year increase (4.7%)	Sales Values 1 year increase (2.6%)	Build costs 1 year increase (4.7%) and Sales Values 1 year increase (2.6%)
1: Town Centre Office	-£798	-£876	-£774	-£852
2: Business Park	-£935	-£1,016	-£913	-£993
3: Industrial	-£671	-£716	-£662	-£706
4: Warehouse	-£511	-£544	-£504	-£537
5: Local Store - Out of centre (Convenience)	£57	-£5	£95	£33
6: Supermarket (Convenience)	£605	£526	£670	£591
7: Out of centre Retail Warehouse (Comparison)	£415	£379	£451	£415
8: Town Centre Retail (Comparison)	£31	-£36	£72	£4
9: Hotel	-£140	-£210	-£102	-£172
10: Carehomes	-£939	-£1,011	-£921	-£993
11: Town Centre Retail (Convenience)	£43	-£26	£85	£16
12: Restaurant and Café uses (A3) In centre	£5	-£79	£55	-£30
13: Restaurant and Café uses (A3) Out of centre	-£192	-£277	-£148	-£233

## 2 year forecast

4.3.3 In terms of a 2 year forecast, Table 4.2 shows what the likely results would be given an increase in build costs increase by 9.8%, sales values increase by 5.27% and finally when both build costs and sales values increase by 9.8% and 5.27% respectively.

4.3.4 The sensitivity suggests:

- Again, B class uses remain unviable at any of these changes. Similarly, so do Hotel and Care homes.
- A3 uses in the centre may be viable if sales values increase (by greater than 5%) if build costs remain the same. However, it would be unlikely that the headroom would be sufficient to charge a levy.
- There is sufficient headroom for both Supermarket and Out of town Retail Warehouse typologies to accommodate a £200 CIL Levy, even when build costs increase significantly and sales values remain constant. The 2 year forecast of a 9.8% increase in build costs suggest that even if sales values remained the same, there would still be a buffer of 55% for Supermarkets and 41% for Retail Warehouses.

- An increase in sales values of 5.27% with no increase in build costs would provide scope for a CIL charge on both out of centre and town centre convenience stores, and Town centre retail comparison stores.

Table 4.2: Sensitivity testing: 2 year

	Current	Build costs 2 year increase (9.8%)	Sales Values 2 year increase (5.27%)	Build costs 2 year increase (9.8%) Sales Values 2 year increase (5.27%)
1: Town Centre Office	-£798	-£960	-£750	-£911
2: Business Park	-£935	-£1,103	-£890	-£1,058
3: Industrial	-£671	-£764	-£653	-£745
4: Warehouse	-£511	-£579	-£498	-£565
5: Local Store - Out of centre (Convenience)	£57	-£72	£135	£5
6: Supermarket (Convenience)	£605	£441	£737	£573
7: Out of centre Retail Warehouse (Comparison)	£415	£339	£489	£412
8: Town Centre Retail (Comparison)	£31	-£109	£114	-£27
9: Hotel	-£140	-£286	-£64	-£209
10: Carehomes	-£939	-£1,089	-£904	-£1,054
11: Town Centre Retail (Convenience)	£43	-£101	£129	-£16
12: Restaurant and Café uses (A3) In centre	£5	-£171	£105	-£70
13: Restaurant and Café uses (A3) Out of centre	-£192	-£369	-£103	-£280

## Appendix A Evidence of rents and yields used

### Research on High Street stores, Local centre retail units, A3 units and Retail Parks

Scheme	Location	Size	Rent (p.a.) per sq.m
High Street units	Cibi Walk Shopping centre	245	£176
High Street units	Cross Street, Abergavenny	126	£139
High Street units	Monnow Street, Monmouth	192	£226
High Street units	Baker Street Abergavenny	83	£145
High Street units	Thomas Street Arcade, Chepstow (Convenience unit)	1,917	£146
High Street units	Frogmore Street	111	£206
High Street units	Monnow Street, Monmouth	111	£215
Out of centre A3	Newport Rd	418	£89
In centre A3	The Oldway centre, Monmouth	141	£152
In centre A3	Beaufort square, Chepstow	171	£181
In centre A3	Church Street, Monmouth	56	£134
Out of town retail parks	Usk Way, Newport	1,700	£70
Out of town retail parks	Discovery Retail Park, Newport (Unit 1)	2,653	£129
Out of town retail parks	Discovery Retail Park, Newport (Unit 2)	1,159	£138

### Research on Supermarkets

Store Operator	Location	Rent (sqm)	Yield	New store Date?	Date ??
Morrisons	South Shields	£137	5.25%	Jun-10	Morrisons
Waitrose	Rickmansworth	£211	4%	Oct-10	Waitrose
M&S Simply Food	Maldon	£197	5.58%	Jun-08	M&S Simply Food
Waitrose	Hornchurch	£186	4.43%	Unknown	Waitrose
Sainsbury's	Tooting	£253	4.50%	Mar-11	Sainsbury's

Tesco	Welling	£232	4.75%	Nov-10	Tesco
Waitrose	Clerkenwell	£226	4.20%	Nov-09	Waitrose
ASDA	Bangor	£204	5%	Jun-11	ASDA
Tesco Extra	Coventry	£168	4.11%	Unknown	Tesco Extra
Waitrose	Crowborough	£192	5.04%	Unknown	Waitrose
Waitrose	Wantage	£172	4.50%	Unknown	Waitrose
Tesco	Wembley	£317	5.50%	Sep-12	Tesco
Tesco	Congleton	-	4.90%	Jun-12	Tesco
Tesco	Glastonbury	-	4.50%	Apr-12	Tesco
Tesco	St Ives	-	4.90%	Jan-12	Tesco
Tesco	Tiptree	£236	4.90%	Jan-12	Tesco
Tesco	Coventry	-	4.57%	Sep-11	Tesco
Tesco	Keynsham	-	4.96%	Aug-11	Tesco
Tesco	Ruthin	£161	4.96%	Aug-11	Tesco
Tesco	Welling	-	5%	Jul-11	Tesco
Tesco	Cardiff	-	4.50%	Feb-11	Tesco
Tesco	Chatteris	-	5%	Sep-12	Tesco
Tesco	Gosport	£215	5%	Apr-12	Tesco
Tesco	Corby	£215	4.60%	Oct-11	Tesco
Tesco	Welling	£232	4.75%	Jun-11	Tesco
Sainsbury's	Putney	£273	4%	Current	Sainsbury's
Sainsbury's	Sale	£242	4.10%	Aug-13	Sainsbury's
Sainsbury's	Hythe	£226	4.10%	Aug-03	Sainsbury's
Sainsbury's	Ashford	£248	4.10%	Aug-13	Sainsbury's
Morrisons	Milton Keynes	£242	4.25%	Jul-13	Morrisons
Morrisons	Edgware Road, London	£286	4.60%	Jan-13	Morrisons
Sainsbury's	Harrow Manor Way, London	£237	4.50%	Jan-13	Sainsbury's
Sainsbury's	March	£194	4.76%	Jul-13	Sainsbury's
Morrisons	Aldershot	£224	4.25%	Apr-13	Morrisons

Sainsbury's	Hayes	£331	4.19%	Apr-13	Sainsbury's
Tesco	Oldham	£181	5.28%	Current	Tesco
Tesco	Bedford	£54	-	Jul-11	Tesco
Waitrose	North Walsham	£161	-	Oct-12	Waitrose
Sainsbury's	Ballymena	£172	-	Feb-13	Sainsbury's
Sainsbury's	Londonderry	£172	-	Jun-12	Sainsbury's
Tesco Plc	Newry	£183	-	May-13	Tesco Plc
Waitrose Ltd	Worcester	£192	-	Dec-14	Waitrose Ltd
Tesco Plc	Lisburn	£194	-	Mar-12	Tesco Plc
Waitrose	Alton	£215	-	Apr-12	Waitrose
Asda	Isleworth	£221	-	Jul-10	Asda
Tesco	Derby	£236	-	Feb-12	Tesco
Tesco	Stroud	£270	-	Mar-13	Tesco
Waitrose	New Malden	£315	-	Nov-13	Waitrose
Waitrose	South Croydon	-	4.23%	Jan-11	Waitrose
Waitrose	York	-	4.45%	Dec-10	Waitrose
Tesco	Braintree	-	4.85%	Jan-12	Tesco
Tesco	St Ives	-	4.90%	Jan-12	Tesco
Tesco	Keynsham	-	4.96%	Aug-11	Tesco
Tesco	Keynsham	-	5.30%	Oct-10	Tesco
Tesco	Bristol	-	6.62%	Sep-11	Tesco

#### Research on Smaller Supermarkets (rents)

Broad Location	Tenant	Achieved rent per sqm	Transaction date
Bath	Tesco	140	2014
West Midlands	Aldi Ltd	147	2013
Merseyside	Aldi	152	2011
London	Lidl Ltd	161	2008
Nottinghamshire	ALDI, Inc.	171	2006
Suffolk	ALDI, Inc.	175	2013

Cheshire	Aldi Stores Ltd	191	2009
Essex	Lidl Ltd	191	2008
Preston	Sainsbury's	160	2014
Market Harborough	Tesco	156	2011
Guildford	Morrisons	173	2013
Twickenham	Tesco	310	2012
Hampshire	Lidl Ltd	279	2010

### Research on Smaller Supermarkets (yields)

Broad Location	Tenant	Yield (%)
Middlesex	Lidl	4.15
Worcestershire	Lidl	4.56
London	Lidl	5.5
Cumbria	Lidl	5
Staffordshire	Lidl	5.2
Hampshire	Lidl	6.9
West Glamorgan	Lidl	5.76
Avon	Lidl	5.75
Not disclosed	Lidl	6.5
Somerset	Aldi	5.4
Lancashire	Aldi	6.25
West Yorkshire	Aldi	4.31
Co Durham	Aldi	6.3
Various	Tesco	4.9
Newcastle	Waitrose	4.75
Hornchurch	Waitrose	4.43

### Research on Small, local Convenience retailers - Rents

Broad Location	Tenant	Size (sq.m)	Rent (per sq.m)
Wantage	Waitrose Ltd	250	£161
Oakham	Somerfield Stores	640	£246
Malvern Wells	Tesco	372	£122
Leicester	Co-Op	n/a	£133
Alcester Road, West Midlands	Tesco	371	£175

### Research on small local Convenience retailers - Yields

Broad Location	Tenant	Yield
Wantage	Waitrose	4.5
Oakham	Co-operative Group	5
Coventry	Tesco	4.57
Leicester	Co-operative Group	4.76
Malvern Wells	Tesco	5.75
Wantage	J Sainsbury	4.5
Wootton Bassett	J Sainsbury	6.6
Cheltenham	J Sainsbury	4.9
Oxford	Tesco	4.89
Tetbury	N/A	4.27
Birmingham	The Co-operative Group	5.25
Halesowen	The Co-operative Group	5.25
Stourbridge	N/A	5.79
Milton Keynes	N/A	6.5

### Research on Office and Industrial units

Type	Scheme	Rent per sq.m
Town Centre unit	14a Monnow Street, Monmouth	£176

Town Centre unit	1 Maryport Street, Usk	£100
Town Centre unit	113a Monnow Street, Monmouth	£114
Town Centre unit	White Swan Court, Priory Street, Monmouth	£108
Town Centre unit	Wesley Buildings, Newport Road, Caldicot	£65
Town Centre unit	Church Street, Monmouth	£112
Business Park	1st Floor, Unit 1b, Beaufort Park Way	£86
Business Park	Newport Road, Business Park, Magor	£167
Business Park	Beaufort Park Way, Chepstow	£140
Business Park	Unit 4B, Castlegate Business Park	£81
Business Park	Unit 9 (1), Castlegate Business Park	£96
Business Park	Unit 9 (2), Castlegate Business Park	£97
Industrial / Warehouse	Unit 3, Newport, NP20 5NS	£32
Industrial / Warehouse	Unit 14E, Severn Bridge Industrial Estate,	£38
Industrial / Warehouse	Unit 14C, Severn Bridge Industrial Estate,	£38
Industrial / Warehouse	Techway, Wonastow Road Industrial Estate (West), Monmouth	£49
Industrial / Warehouse	Hadnock Road Industrial Estate, Hadnock Road, Monmouth	£59



## Appendix B Retail definitions

Supermarket (convenience) (Typology 6) – this is a retail store over 280 sq. m where over 50% of the net (sales) floorspace is allocated for convenience goods (e.g. food).

Local store out of centre (convenience) (Typology 5) /town centre retail (convenience) (Typology 11) – this is a retail store under 280 sq. m where over 50% of the net (sales) floorspace is allocated for convenience goods

Out of centre retail (comparison) (Typology 7) – this is a retail store which is located outside the identified town centre shopping boundaries, where over 50% of the net (sales) floorspace is allocated for comparison goods

Town centre retail (comparison) (Typology 8) - this is a retail store which is located inside the identified town centre shopping boundaries, where over 50% of the net (sales) floorspace is allocated for comparison goods

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**Monmouthshire County Council**

**Community Infrastructure Levy  
Draft Charging Schedule and  
Draft Regulation 123 List  
THIRD DRAFT**

**Planning Policy Service  
February 2016**

## Draft Charging Schedule

### 1 Introduction

- 1.1 The purpose of this document is to set out Monmouthshire County Council's Draft Charging Schedule for the Community Infrastructure Levy (CIL) in its area. The finance generated from the CIL will be used to secure infrastructure that would support development in accordance with the Monmouthshire Local Development Plan. This charging schedule has been prepared in accordance with the requirements of the Community Infrastructure Levy Regulations 2010 (as amended).

### 2 Community Infrastructure Levy Rates

- 2.1 Monmouthshire County Council is the charging and collecting authority for the purposes of charging and collecting the Monmouthshire Community Infrastructure Levy respectively. The CIL charge will not apply to that part of Monmouthshire that lies within the Brecon Beacons National Park. The responsibility for setting and collecting the levy in this area will rest with the National Park Authority.
- 2.2 Reflecting the findings of the CIL viability studies<sup>1</sup>, the Council intends to charge CIL at the rates, expressed as pounds per square metre, as set out in tables 1 and 2 below.

#### **Residential Development Rates**

- 2.3 The CIL rate for residential development will be charged at different rates across the County. Maps showing the location and boundaries of the areas in which differential rates will be charged are attached at Appendix 1 (maps 1-5).

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<sup>1</sup> MCC CIL Viability Assessment – Viability Evidence for Development of a CIL Charging Schedule (Three Dragons with Peter Brett Associates, July 2014) ; Updated Viability Evidence for development of a CIL Charging Schedule (Three Dragons December 2015 Revised Final Report); Addendum – Update of Non-Residential Viability Assessment (Peter Brett, September 2015).

**Table 1: Residential Development CIL Rates**

Category	Geographical Area	CIL rate per square metre
(1)	Strategic LDP Sites* <ul style="list-style-type: none"> <li>• Crick Road, Portskewett (SAH2)</li> <li>• Wonastow Road, Monmouth (SAH4)</li> <li>• Rockfield Farm, Undy (SAH5)</li> <li>• Vinegar Hill, Undy (SAH6)</li> <li>• Sudbrook Paper Mill (SAH7)</li> </ul>	£80
(2)	Non-strategic sites of 3 dwellings or more in the Main Towns of Abergavenny and Chepstow and the Rural Rest of Monmouthshire** except for Category (7) sites.	£120
(3)	Non-strategic sites of 3 dwellings or more in Severnside settlements***	£80
(4)	Non-strategic sites of 3 dwellings or more in Monmouth	£100
(5)	Deri Farm, Abergavenny, Strategic Site (SAH1)	£60
(6)	Fairfield Mabey, Chepstow, Strategic Site (SAH3)	£0
(7)	Affordable housing lead schemes: <ul style="list-style-type: none"> <li>• Sites in Main Villages identified in Policy SAH11 providing 60% affordable housing.</li> <li>• Sites in Minor Villages that comply with Policy H3 that have a capacity of 4 or 3 dwellings and are providing, respectively, 3 or 2 affordable dwellings</li> <li>• Sites that comply with Policy H7, Rural Exceptions, and are providing 100% affordable housing</li> </ul>	£0
(8)	Sites of less than 3 dwellings	£0
(9)	Retirement Housing****	£0

\*This excludes the strategic site in Category (5): Deri Farm, Abergavenny (SAH1) and the strategic site in Category (6): Fairfield Mabey, Chepstow (SAH3)

\*\*The 'Rural Rest of Monmouthshire' includes the Rural Secondary Settlements and the Main and Minor Villages identified in LDP Policy S1, together with all open countryside ('open countryside' being the area outside the named settlements in LDP Policy S1').

\*\*\*Sevenside Settlements are identified in LDP Policy S1 as Caerwent, Caldicot, Magor, Portskewett, Rogiet, Sudbrook and Undy

\*\*\*\*Retirement housing is defined as 'self-contained residential accommodation designed and managed for older people , with age restricted occupancy and usually with communal facilities'.

## Commercial Development Rates

- 2.4 The CIL rate for A1 out-of-centre comparison retail and in- and out-of-centre supermarkets will be charged at a single rate across the County as set out in Table 2. A zero CIL charge will apply to all other non-residential uses across Monmouthshire. Maps showing the County's Central Shopping Areas where a zero CIL charge will apply for retail (except for supermarkets) are attached at Appendix 1 (maps 6-12) - in areas outside the Central Shopping Areas a CIL rate of £200 per square metre will apply to out-of-centre retail warehouses and supermarkets.

**Table 2: Commercial Development CIL Rates**

Type of Development	CIL rate per square metre
A1 Out-of-Centre Comparison Retail*	£200
A1 Supermarkets In- and Out-of-Centre**	£200
All other non-residential development	£0

\* A retail store which is located outside the identified town centre boundaries, where over 50% of the net (sales) floor space is allocated for comparison goods.

\*\* A retail store over 280 square metres where over 50% of the net (sales) floor space is allocated for convenience goods (e.g. food).

## 3 Spending CIL

- 3.1 In accordance with the CIL Regulations, the Council must apply CIL receipts to funding infrastructure to support the development of its area.
- 3.2 As part of the Local Development Plan process the Council considered the infrastructure requirements of the County which are set out in the Draft Infrastructure Plan (2013). The document set out the infrastructure necessary to deliver the LDP strategic sites, to be funded through S106 agreements, together with an initial list of potential 'place-making' and other infrastructure projects by settlement, which could be funded through CIL. Information was provided in respect of the cost of infrastructure, funding sources and responsibility for delivery, where known. CIL is intended to fill the gaps between existing sources of funding (to the extent that they are known) and the costs of providing infrastructure. The Infrastructure Plan has been updated and revised in an Addendum to the 2013 Infrastructure Plan that accompanies this Draft Charging Schedule.

- 3.3 The Council's draft Regulation 123 List provided at Appendix 2 has been prepared in support of the Draft Charging Schedule and sets out the categories of infrastructure that will be eligible to be funded through CIL. The infrastructure listed cannot then be funded through planning obligations.
- 3.4 It is improbable that CIL could ever raise sufficient levels of funding to provide all of the infrastructure items that the Council would wish to see delivered. Consequently, the inclusion of an infrastructure item on the Regulation 123 List will not constitute a commitment by the Council to fund that infrastructure through CIL. Decisions on what infrastructure will be delivered through CIL rests with the Council and will be influenced by its priorities and the amount of CIL funding available. Following adoption of the CIL, the Council will seek to review the list on a regular basis as part of the monitoring of the levy.

#### 4 Next Steps in the CIL Process

- 4.1 The anticipated timetable for delivering the Monmouthshire Community Infrastructure Levy is set out in Table 3 below.

**Table 3: Anticipated CIL Delivery Timetable**

Stage	Timescale
Finalisation of Draft Charging Schedule	February 2016
Consultation on Draft Charging Schedule	March/April 2016
Submission for Examination	May 2016
Examination	July 2016
Examiner's Report	September 2016
Implementation of CIL	October 2016
Annual Monitoring Report	October 2017

## **APPENDIX ONE**

### **CIL CHARGING ZONE MAPS**



## APPENDIX TWO

### Draft Regulation 123 List

The categories of infrastructure listed below will be eligible to be funded, wholly or in part, through CIL.

<b>Physical Infrastructure</b>
<ul style="list-style-type: none"><li>• Sustainable transport improvements (including sustainable transport, walking/cycling and strategic highway improvements)</li></ul>
<ul style="list-style-type: none"><li>• Public realm / town centre enhancements</li></ul>
<ul style="list-style-type: none"><li>• Broadband (upgrade/provision)</li></ul>
<ul style="list-style-type: none"><li>• Strategic flood defences</li></ul>
<ul style="list-style-type: none"><li>• Recycling and waste facility enhancements</li></ul>
<ul style="list-style-type: none"><li>• Heritage Assets</li></ul>
<b>Social Infrastructure</b>
<ul style="list-style-type: none"><li>• Education</li></ul>
<ul style="list-style-type: none"><li>• Community facilities</li></ul>
<ul style="list-style-type: none"><li>• Sports and recreation facilities</li></ul>
<b>Green Infrastructure</b>
<ul style="list-style-type: none"><li>• Strategic green infrastructure</li></ul>

### Exclusions from the Draft Regulation 123 List

The following types of infrastructure will be excluded from the Draft Reg. 123 List and will be funded through S106 planning obligations where they meet the statutory tests set out in CIL Regulation 122:

- Affordable housing
- On-site play provision
- Site specific biodiversity mitigation and enhancement
- Site specific green infrastructure
- Site specific infrastructure requirements necessary to overcome obstacles to the development of a site, including the requirements set out in LDP site allocation policies SAH1 to SAH6.

## APPENDIX THREE

### MCC CIL Evidence Base

The following documents support the Draft Charging Schedule and the Draft Regulation 123 List. The documents are available to view on the Council's website and at Planning Reception, County Hall, Rhadyr, Usk NP15 1GA.

- **Monmouthshire Local Development Plan 2011-2021**  
This is the adopted development plan for Monmouthshire (excluding that part of the County within the Brecon Beacons National Park) which sets out the development framework for the County until 2021.
- **Monmouthshire County Council CIL Viability Assessment – Viability Evidence for Development of a Community Infrastructure Levy Charging Schedule (Three Dragons with Peter Brett Associates, July 2014)**  
This is a comprehensive viability assessment which has provided the Council with evidence to inform the Preliminary Draft Charging Schedule.
- **Monmouthshire County Council CIL Viability Assessment - Updated Viability Evidence for Development of a Community Infrastructure Levy Charging Schedule (Three Dragons, December 2015, Revised Final Report).**  
This report updated the 2014 CIL Viability Assessment and has provided evidence to inform the Draft Charging Schedule.
- **Monmouthshire County Council CIL Viability Assessment - Addendum – Update of Non-Residential Viability Assessment (Peter Brett, September 2015).**  
This report updated the 2014 CIL Viability Assessment and has provided evidence to inform the Draft Charging Schedule.
- **Monmouthshire Draft Infrastructure Plan (March 2013)**  
This sets out the requirements, phasing and costs and funding of infrastructure necessary to support the delivery of the LDP. It lists the infrastructure necessary for delivering the LDP strategic sites (annex 1) together with potential 'place-making' and other infrastructure projects by settlement (annex 2).
- **Monmouthshire Infrastructure Plan – Addendum November 2015**  
This provides an updated indicative list of infrastructure schemes that fall within the Regulation 123 List categories, that would support development proposed in the Monmouthshire LDP and which could be funded, wholly or partly, through CIL.

**Monmouthshire County Council  
Adopted Local Development Plan  
2011-2021**

**Infrastructure Plan Addendum  
November 2015**

**Planning Policy Service  
Enterprise Directorate  
Monmouthshire County Council  
County Hall  
Usk  
NP15 1GA  
Tel: 01633 644644  
Email: [planningpolicy@monmouthshire.gov.uk](mailto:planningpolicy@monmouthshire.gov.uk)**

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## 1 Introduction: Purpose of the Monmouthshire Infrastructure Plan Addendum

- 1.1 The Monmouthshire Infrastructure Plan (IP) (2013) considered those items of infrastructure that were necessary to deliver the levels of growth and site allocations put forward in the LDP. It set out specific infrastructure requirements associated with the LDP strategic sites as well as an initial list of general ‘place-making’ infrastructure requirements. The IP also enabled the Council to consider possible mechanisms for delivering the infrastructure identified.
- 1.2 At the time of preparation of the 2013 IP the Council was considering whether to progress with the Community Infrastructure Levy (CIL). The Council has subsequently determined to progress with the CIL and is currently working towards the preparation of the Draft Charging Schedule. For CIL purposes, Councils are advised to ‘use the infrastructure planning that underpinned their development plan to identify a selection of indicative infrastructure projects or types of infrastructure that are likely to be funded by the levy’<sup>1</sup>. Accordingly, to satisfy CIL requirements there is a need to update the IP to identify what infrastructure types and schemes are eligible for CIL funding. There is also a need to give further consideration to infrastructure costs and potential sources of funding in order to demonstrate an aggregate funding gap for infrastructure across the County to support the implementation of CIL. This will provide evidence to support the CIL and will assist in the preparation of the Draft Charging Schedule and Regulation 123 List. This addendum therefore supports and updates the Council’s 2013 IP.
- 1.3 The purpose of the IP addendum is three-fold:
- To update the Council’s Infrastructure Plan (IP) (2013) by providing an overview of what categories/types of infrastructure identified in the IP fall within the remit of CIL and what infrastructure will continue to be addressed through other funding sources, including S106 planning obligations. This is considered in Section 2 of this report.
  - To recommend which categories of infrastructure will be included in the Regulation 123 List (paragraph 2.41). The Regulation 123 List is a list of infrastructure categories/schemes which the Council intends to fund, wholly or partly, through CIL. It can be published and revised at any time after the Council has adopted CIL. If an infrastructure category/scheme is included in the Reg 123 List a S106 cannot be negotiated to contribute towards that infrastructure. If an infrastructure category/scheme is not included in

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<sup>1</sup> CIL Overview, paragraph 24 (DCLG, 2011)

the Reg 123 List, up to five S106 planning obligations entered into since April 2010 may be pooled to contribute towards its cost. This is to ensure that double charging of developers for infrastructure through using both CIL and S106 is avoided. The Council's Reg 123 List will be published alongside the CIL Draft Charging Schedule. The recommendations also set out those site-specific infrastructure categories where S106 contributions are likely to be the funding mechanism in order to provide transparency on those matters where S106 contributions will continue to be sought (paragraph 2.43).

- To provide an updated list of indicative infrastructure schemes (based on the most up-to-date information available) that would support development proposed in the LDP that could be funded, partly or wholly, through CIL<sup>2</sup>. The timing/phasing, estimated costs, delivery/funding sources, available funding and subsequent funding gap is identified for each scheme where possible. The draft list of CIL eligible infrastructure schemes which fall within the Regulation 123 List categories is set out in Section 3.

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<sup>2</sup> Infrastructure schemes that fall outside of the remit of CIL, such as health and utility provision, are not included in the list of Draft Infrastructure Schemes. These are, however, included in the 2013 IP which should be referred to accordingly.

## 2 Infrastructure Categories

2.1 The Planning Act 2008<sup>3</sup> provides a broad definition of the infrastructure that can be funded by CIL and includes:

- Roads and other transport facilities
- Schools and other education facilities
- Open spaces
- Sporting and recreational facilities
- Flood defences

2.2 This non-exhaustive list provides flexibility and enables the Council to determine the types of infrastructure that will be funded through CIL and to prioritise infrastructure delivery. Of note, CIL cannot be used to fund affordable housing – this will continue to be provided through planning obligations.

2.3 This section provides an overview of the types of infrastructure that fall within the remit of CIL and could, therefore, be funded in whole or in part through the Levy, and those infrastructure types which will be funded through other funding sources, including S106 planning obligations. In addition to CIL and S106 contributions, it is recognised that there are many other mechanisms for the funding and provision of infrastructure. These include WG funds/grants, Local Transport Funds, prudential borrowing and community budgets. This section subsequently recommends which categories of infrastructure will be included in the CIL Regulation 123 List.

2.4 The report follows the structure of the 2013 IP so that each category of infrastructure is considered in turn. It includes all types of infrastructure that would support the LDP objectives and covers three broad categories of development: physical, social/community and green. This addendum does not repeat the detail contained in the IP – rather it clarifies which infrastructure categories fall within the remit of CIL and provides updates on infrastructure provision where relevant. The 2013 IP should be referred to accordingly for further detail. The table at Appendix A provides a quick glance overview of the infrastructure categories that are considered to be eligible for CIL funding.

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<sup>3</sup> Planning Act 2008 S216(2) as amended

## PHYSICAL INFRASTRUCTURE

### Transportation

- 2.5 Since the publication of the 2013 IP, the 2015 Monmouthshire Local Transport Plan (LTP) has replaced the 2010 South East Wales Regional Transport Plan (RTP) as the Council's statutory local transport plan. The LTP is an update of schemes and priorities identified in the RTP. The transport schemes identified in LDP Policy MV10 are therefore carried forward to the Monmouthshire LTP and those that are eligible for CIL funding are set out in Table 1 of Section 3.

### Improved Public Transport

#### Bus Service and Network

- 2.6 The Monmouthshire LTP and LDP identify a range of bus service/network improvements across the County over the Plan period and those relevant are included in the Draft List of Infrastructure Schemes (Table 1). It is anticipated that the following types of schemes will be eligible for CIL funding:
- Strategic improvement schemes such as town centre bus station improvements/interchanges
  - Bus service/corridor improvements such new services and bus stop upgrades

#### Rail Service and Network

- 2.7 The LTP and LDP identify a range of rail station improvements at Severn Tunnel Junction, Abergavenny and Chepstow stations as well as service improvements on the Abergavenny and Chepstow lines, with relevant schemes included in Table 1. It is anticipated that the following types of schemes will be eligible for CIL funding:
- Rail station improvements such as access, parking and interchange upgrades
  - Provision of new rail stations.

It is not expected that such schemes will be completely funded through CIL, however, it is considered that CIL could be used as one of the funding mechanisms to deliver such strategic public transport infrastructure.



### **Walking and Cycling**

- 2.8 The Active Travel (Wales) Act 2013 requires local authorities in Wales to produce active travel maps and deliver year on year improvements in active travel routes and facilities. It requires highways authorities in Wales to make enhancements to routes and facilities for pedestrians and cyclists in all new road schemes and to have regard to the needs of walkers and cyclists in a range of other highway authority functions.
- 2.9 In accordance with the Active Travel (Wales) Act 2013, the LTP identifies Active Travel Network schemes for each of the County's towns. These propose the development and implementation of active travel plans for these areas which may include the following schemes:
- New/improved cycle lanes/paths/contraflows
  - New/improved footpaths
  - Junction/crossing facilities
  - Cycle parking/storage
  - Route signage

It is anticipated that Active Travel Network schemes, as well as those cycling and pedestrian schemes identified in the LDP (Policy MV10) will be eligible for CIL funding. These are listed in Table 1 Draft CIL Eligible Infrastructure Schemes.

### **Highway Improvements**

- 2.10 The LTP and LDP identify a number of highway schemes to improve the functioning of the highway network in Monmouthshire. It is not expected that such schemes will be completely funded through CIL, however, it is considered that CIL could be used as one of the funding mechanisms to deliver such strategic highway infrastructure. CIL eligible highway schemes are set out in Table 1.
- 2.11 S106 planning obligations will continue to be used where local transport infrastructure is necessary to remove site specific obstacles to planned development, including highway infrastructure associated with the LDP Strategic Sites. Such matters as also covered by Section 278 of the Highways Act (1980).

## Utilities

- 2.12 As utility companies have a duty to fund and provide strategic infrastructure to serve new development, the funding of any improvements to utilities will not be dependent on CIL funding. Local connections will be funded and provided by developers on a site-by-site basis.

### Surface Water and Flood Risk Mitigation

- 2.13 Surface water drainage is an integral part of new development schemes and as such will be provided directly by the developer. Off-site drainage works which are necessary as a consequence of new development schemes, will continue to be funded by S106 obligations. Accordingly, it is not anticipated that work to the strategic drainage network will be funded through CIL.
- 2.14 Similarly, flood risk mitigation measures are the responsibility of the developer and will be undertaken as an integral part of individual development schemes. As such it is not anticipated that flood risk management measures connected to a development site will be funded through CIL.

### Energy - Electricity and Gas

- 2.15 As set out in the IP, Western Power have not identified any further requirements in terms of upgrading the electricity network to support new development arising from the LDP. Similarly, no major infrastructure requirements have been identified in terms of gas supply in Monmouthshire.
- 2.16 Energy companies (Western Power and National Grid in Monmouthshire) have a duty to provide necessary improvements to the electricity and gas network. Accordingly, it is not anticipated that any improvements to the network for electricity/gas supply will be dependent on CIL funding.

### Water Resources

#### Potable Water

- 2.17 Dwr Cymru Welsh Water (DCWW) is the statutory undertaker providing water supply and sewerage infrastructure for Monmouthshire and as such has a duty to fund and provide strategic infrastructure to serve allocated sites. Local connections are funded by developers. In terms of potable water, as noted in the IP, there is adequate capacity in the existing network and therefore at the strategic level

there is no constraint on development. However, local network upgrades may be necessary. The requirement for these and associated costs will be determined by developers on a site-by-site basis (either directly or through S106 obligations). Accordingly, such provision will not be dependent on CIL funding.

**Sewerage Treatment**

- 2.18 Developments in both towns and rural areas of Monmouthshire will require upgrades to sewerage treatment works. Where these are not included in DCWW’s current asset management plans the developer will need to pay towards the cost of the required upgrade (either directly or through S106 obligations). As such, improvements to sewerage treatment works will not be dependent on CIL funding.

**Telecommunications**

**Mobile Operators**

- 2.19 As with other utilities, telecommunication companies have a duty to fund and provide strategic infrastructure to serve allocated sites, whilst local connections are funded by developers. Accordingly, such provision will not be dependent on funding raised through CIL.

**Broadband**

- 2.20 A key issue in Monmouthshire relates to broadband speeds required for uploading and downloading information with some areas of the County, particularly rural areas, having relatively poor broadband availability. It is recognised that the provision of superfast broadband is essential to the County’s economy, particularly in terms of enabling business development and it is important that this is delivered to enable the Council to drive forward digital advancement, enterprise and inclusion.
- 2.21 The provision of such services is generally self-financing and prioritised to those areas where there is either a sufficient customer base to pay for the upgrade or public sector grant is available. Broadband provision is typically provided by service providers with WG also playing a role in ensuring inclusive access across Wales. However, as stated in the IP, there is concern that broadband upgrades in Monmouthshire will not happen without public sector subsidy given the County’s relatively small customer base. In view of this, consideration should be given to the use of CIL funding to enhance access to superfast broadband across the County and to allow key projects to progress e.g. Super-connected Cities.

### Strategic Flood Defences

- 2.22 At the time of preparation of the 2013 IP, the Environment Agency indicated that there were no requirements for strategic flood risk mitigation measures in Monmouthshire. However, the Council is currently in the process of preparing a Flood Risk Management Plan for waters that are its responsibility and it is recognised that strategic flood defence infrastructure requirements could potentially be identified in the County. It is anticipated that such strategic infrastructure could be eligible for CIL funding.

### Household Waste and Recycling

- 2.23 As noted in the IP, the Council has traditionally managed its own recycling and waste services through a range of facilities. Subsequent to the publication of the IP 2013, the Council has identified a requirement for a community amenity site upgrade in the County. It is anticipated that any such future improvements to the Council's waste infrastructure could be eligible for CIL funding.

### Public Realm/Town Centre Improvements

- 2.24 The Council's Whole Place Plans set out a range of public realm improvements (as listed in Table 1). Such schemes include improvements to the pedestrian environment and streetscapes in the County's main towns. It is anticipated that such schemes will be eligible for CIL funding.
- 2.25 As an exception to this, a number of public realm schemes associated with the redevelopment of the Cattle Market in Abergavenny and with the new supermarket in Caldicot Town Centre have been omitted from Table 1 as they are reliant on funding from Section 106 agreements that have already been entered into in connection with existing planning permissions.

### Heritage Assets

- 2.26 The County has a large number of conservation areas and listed buildings and these, as well as being of intrinsic interest in themselves, add to the general quality of the environment both in town centres and rural areas. In this respect, funding might be needed to carry out conservation area enhancement schemes alongside the public realm/town centre schemes referred to above. In addition, of the 2,200 listed buildings in the Monmouthshire Local Planning Authority area at the time of the adoption of the LDP, 176 were identified as being at risk, having a detrimental effect on the general environment and, in some cases, potential tourism assets. It is an objective

of the LDP to protect and enhance the built environment and heritage, for their own sake and to maximise benefits for the economy, tourism and social well-being. It is anticipated that improvements to such heritage assets could be eligible for CIL funding.

## **SOCIAL AND COMMUNITY INFRASTRUCTURE**

### **Education**

- 2.27 As stated in the IP, whilst there are unlikely to be requirements for new school places in the short and medium term, there are infrastructure requirements for new and improved schools as a result of demand for more Welsh Medium schools and a need to replace the existing building stock as it becomes less fit for purpose. It is important that new development contributes to this refurbishment program as it will help support the growth in terms of providing facilities fit for purpose.
- 2.28 The Council has been pursuing a long-term programme of work in recent years in order to bring its schools up to a suitable standard and to balance the need for school places. The programme will continue into the foreseeable future with significant development at the County's mainstream secondary schools and further work on the primary school estate.
- 2.29 This development programme aligns with the 21st Century Schools' programme being developed by the Welsh Government across the whole of Wales and, at the time of the 2013 IP, a £79.5m programme of work had been approved by them for 50% match funding.
- 2.30 The Council also has a programme for the refurbishment and redevelopment of a number of primary schools across the County, as set out in Table 1.
- 2.31 Given the limitations with pooling of more than 5 planning obligations to make provision for a specific infrastructure project or type, it is considered that CIL funding could be used alongside other funding sources (WG 21<sup>st</sup> Century Schools Programme, Council's Capital Programme) to fund such education provision in Monmouthshire.

### **Health Care**

- 2.32 Primary and acute health care services in Monmouthshire are currently provided by the Aneurin Bevan Health Board (ABHB). As set out in the IP, although there are some requirements for new health care provision in the County, the health board is responsible for providing facilities across the area to meet the future requirements of residents. Accordingly, funding is not required from

development as it is sourced from a various other streams (e.g. third party development, WG grant). Accordingly, it is not anticipated that such provision will be funded through CIL.

### Emergency Services

- 2.33 Emergency service facilities are provided by the relevant ambulance, fire and police bodies. As set out in the IP, there are no current requirements for new police or fire and rescue facilities over the plan period. In terms of ambulance services, there is a need to redevelop the ambulance station in Monmouth although there are no firm commitments from providers to bring forward a new site. In view of alternative available funding mechanisms, there is no need for CIL funding to be used for the provision of emergency services facilities. Accordingly, it is not anticipated that such provision will be funded through CIL.

### Crematoria and Burial Grounds

- 2.34 The 2013 IP did not identify any requirements for expanded or new crematoria/burial grounds in Monmouthshire. It is, however, considered that should the need arise for such facilities CIL funding could be used to contribute to their provision under the broad infrastructure category of community facilities.

### Community Centres/Village Halls

- 2.35 Community centres and village halls are important facilities in the County’s settlements. At present there is an identified requirement for new village/community halls at Raglan and Magor/Undy (as detailed in Table 1). It is considered that CIL funding could be used to contribute towards the provision of such facilities.

### Sport and Leisure

- 2.36 The Council does not have a statutory requirement to provide sports and leisure facilities. As set out in the IP, on-site play provision is provided by developers on-site, whereas adult outdoor recreation space is generally provided off-site funded through S106 contributions. However, it is intended that such provision should be considered on a more strategic basis with schemes identified in advance in the IP and with recreation and community facilities considered in conjunction with other ‘place-making’ projects. A range of sport/leisure schemes are detailed in the draft list of CIL eligible infrastructure schemes (Table 1).

- 2.37 Given the strategic nature of such provision and the need to 'pool' any contributions, it is considered that CIL funding could be used to contribute towards the provision of new/ improved sport and recreation facilities to meet additional demand generated by proposed development.
- 2.38 The need to provide a contribution towards off-site sport/recreation facilities does not, however, remove the need for adequate open space to be provided on-site as an integral part of new development schemes. This element of direct on-site provision, including on-site play provision, should continue to be provided by the developer funded through S106 contributions where they meet the statutory tests set out in CIL Regulation 122.

### **GREEN INFRASTRUCTURE**

- 2.39 The Monmouthshire GI SPG identifies the requirements for green infrastructure in the County. A number of potential GI projects are detailed in the draft list of CIL eligible infrastructure schemes and include:
- New/enhanced accessible natural greenspace
  - Habitat creation and management
  - Development of walking routes and links
- Given the strategic nature of green infrastructure it is considered that CIL funding could be used to contribute towards such provision.
- 2.40 As with off-site sport and leisure provision, the need for adequate GI on-site should continue to be provided by the developer as an integral part of new development schemes through S106 contributions.

## Recommendations

- 2.41 This section has provided an update on the categories of infrastructure and their various funding sources, identifying those that will fall, wholly or partly, within the remit of CIL and those that will be funded by other sources.

### Draft Regulation 123 List

- 2.42 It is subsequently recommended that the infrastructure categories identified below are eligible for CIL funding (wholly or partly) and included in the Draft Regulation 123 list which will be published alongside the Draft Charging Schedule.

#### Physical Infrastructure:

- Sustainable transport improvements (including sustainable transport, walking/cycling and strategic highway improvements)
- Public realm/ town centre enhancements
- Broadband (upgrade/provision)
- Strategic flood defences
- Recycling and waste facility enhancements
- Heritage assets

#### Social and Community Infrastructure:

- Education
- Community facilities
- Sport and recreation facilities

#### Green infrastructure:

- Strategic green infrastructure



- 2.43 The CIL Regulations do not prevent the Council spending CIL funding on categories of infrastructure that have not been identified at this stage provided they are subsequently added to the Reg. 123 List, following a consultation process. Similarly, the identification of schemes proposed for the Draft Reg 123 List at this stage does not necessarily mean that they will be included in the first published Reg 123 List – they are dependent on public consultation and circumstances at the time of the Examination.

### **Exclusions from the Draft Regulation 123 List**

- 2.44 It is recommended that the following types of infrastructure will be excluded from the Draft Reg 123 List and will be funded through S106 planning obligations where they meet the statutory tests set out in CIL Regulation 122:
- Affordable housing
  - On-site play provision
  - Site specific biodiversity mitigation and enhancement
  - Site specific green infrastructure
  - Site specific infrastructure requirements necessary to overcome obstacles to the development of a site, including the requirements set out in LDP site allocation policies SAH1 to SAH6.

### 3 CIL Eligible Infrastructure Schemes

- 3.1 This section provides an updated indicative list of infrastructure schemes, which potentially could be delivered within the Regulation 123 List categories, that would support development proposed in the Monmouthshire LDP and which could be funded, wholly or partly, through CIL. Further detail is also provided on the costs and available funding associated with the schemes which assists in demonstrating an aggregate funding gap for infrastructure across the County to support the implementation of CIL. Infrastructure schemes that fall outside the remit of CIL are not included in this table but are detailed in the 2013 IP which should be referred to accordingly.
- 3.2 The infrastructure schemes identified are based on a variety of sources, including:
- MCC Infrastructure Plan (2013)
  - Council and infrastructure provider service plans / strategies, including the Council's Whole Place Plans
  - Informal consultation with Council departments
- 3.3 For each infrastructure scheme, the draft list identifies the relevant infrastructure type, area/settlement, estimated timing/phasing, cost estimates, delivery/funding sources, available funding and funding gap where possible. CIL can be used to partly fund the schemes listed meaning that it can be used in combination with other funding sources to deliver relevant schemes.
- 3.4 The infrastructure requirements set out are based on the best available evidence and are as comprehensive as possible. However, it should not be read as an exhaustive list. There will inevitably be more changes to the infrastructure list as it is an evolving document - it will be reviewed /revised regularly to ensure that it includes the most up to date information. There remains some weaknesses in the information provided where some detailed information on infrastructure costs and available funding has not been readily available. As such, identified costs and available funding are based on the best available information at the time of preparation. As the date of delivery of the infrastructure schemes progress it is expected that document will be refined with more robust cost and funding estimates.
- 3.5 As previously stated, whilst it is possible to categorise the infrastructure, it is not considered appropriate to suggest that some types of infrastructure are more important than others as all are required to make the successful communities that the Council seeks. However, the Council recognises that whilst it may wish to secure the delivery of all infrastructure items, prioritisation may be required

depending on the availability of public and private sector funding sources and service priorities at that time. These priorities are likely to change over time as and when funding sources are available.

**Table 1: Draft Infrastructure Schemes Eligible for CIL Funding (November 2015)**

Infrastructure Category	Area	Infrastructure Scheme	Timing/ Phasing	Estimated Cost	Delivery/ Funding Sources	Available Funding	Estimated Potential Funding Gap
<b>PHYSICAL INFRASTRUCTURE</b>							
<b>Transport</b>							
Public Transport	Abergavenny	Abergavenny rail station DDA footbridge	From 2016/2017	£1,750,000	Potentially WG Metro <sup>4</sup> , DfT AfA <sup>5</sup>	None. Potentially all	£1,750,000
Public Transport	Abergavenny	Abergavenny rail station car parking extension	From 2016/2017	£1,550,000	None secured. Potentially WG Metro	None. Potentially up to £1.395m	£1,550,000
Public Transport	Abergavenny	Abergavenny rail station facilities improvements	From 2016/2017	£360,000	None secured. Potentially WG Metro	None. Potentially £324,000	£360,000
Public Transport	Abergavenny	Abergavenny bus station interchange	From 2016/2017	£540,000	None secured. Potentially WG Metro	None. Potentially up to £486,000	£540,000
Public Transport	Abergavenny	Abergavenny bus station improvement	From 2017/2018	£500,000	Potentially WG Metro, MCC Estates	None. Potentially up to 90%	£500,000
Public Transport	Chepstow	Chepstow rail station DDA footbridge	From 2016/2017	£1,750,000	None secured. Potentially WG Metro, DfT AfA	None. Potentially all.	£1,750,000
Public Transport	Chepstow	Chepstow rail station car parking extension	From 2016/2017	£1,500,000	None secured. Potentially WG Metro	None. Potentially up to £1.35m	£1,500,000
Public Transport	Chepstow	Chepstow rail station facilities improvements	From 2016/2017	£550,000	None secured. Potentially WG Metro	None. Potentially up to £495,000	£550,000
Public Transport	Chepstow	Chepstow rail station bus interchange	From 2017/2018	£511,000	None secured. Potentially WG Metro	None. Potentially up to £460,000	£511,000
Public Transport	Chepstow	Chepstow rail station access improvements	From 2016/2017	£27,000	None secured. Potentially WG Metro, WG LTF <sup>6</sup>	None. Potentially up to £24,300	£27,000

<sup>4</sup> Welsh Government Metro Programme

<sup>5</sup> Department for Transport Access for All funding

<sup>6</sup> Welsh Government Local Transport

Infrastructure Category	Area	Infrastructure Scheme	Timing/ Phasing	Estimated Cost	Delivery/ Funding Sources	Available Funding	Estimated Potential Funding Gap
Public Transport	Chepstow	Chepstow park and share and coach stop	From 2017/2018	£200,000	Potentially WG LTF	None. Potentially up to 90%	£200,000
Public Transport	Monmouth	Monmouth coach stop	From 2016/2017	£100,000	Potentially WG Metro, TrawsCymru	None. Potentially up to 90%	£100,000
Public Transport	Monmouth	Monmouth bus station improvement	From 2017/2018	£100,000	Potentially WG Metro, TrawsCymru	None. Potentially up to 90%	£100,000
Public Transport	Sevenside	Severn Tunnel Junction rail station car parking extension	2016	£50,000	None secured. Potentially WG Metro, GWR CCIF <sup>7</sup>	None. Potentially all.	£50,000
Public Transport	Sevenside	Severn Tunnel Junction rail station further car parking extension	From 2017/2018	£3,300,000	Potentially WG Metro	None. Potentially all.	£3,300,000
Public Transport	Sevenside	Severn Tunnel Junction rail station facilities improvements	From 2016/2017	£45,000	None secured. Potentially WG Metro, GWR CCIF	None. Potentially up to £41,500	£45,000
Public Transport	Sevenside	Severn Tunnel Junction rail station footbridge extension	From 2016/2017	£500,000	Potentially WG Metro, GWR CCIF	None. Potentially all	£500,000
Public Transport	Sevenside	Severn Tunnel Junction rail station active travel access	From 2016/2017	£700,000	None secured. Potentially WG Metro, WG LTF, GWR CCIF	None. Potentially up to £630,000	£700,000
Public Transport	Sevenside	Magor & Undy new rail station	From 2016/2017	£2,500,000	None secured. Potentially WG Metro, DfT new station fund	None. Potentially up to 90%.	£2,500,000
Public Transport	Sevenside	Caldicot rail station improvements	From 2017/2018	£200,000	None secured. Potentially WG Metro.	None. Potentially up to 90%	£200,000
Public Transport	Chepstow/ Sevenside	Chepstow/Caldicot – Newport bus corridor improvement	From 2016/2017	£500,000	Potentially WG Metro, BSSG <sup>8</sup>	None. Potentially up to 90%	£500,000
Public Transport	County-wide	Bus stop and information improvements	From 2016/2017	£200,000	Potentially WG Metro	None. Potentially up to 90%	£200,000

<sup>7</sup> Great Western Railway Customer and Communities Improvement Fund

<sup>8</sup> Welsh Government Bus Services Support Grant

Infrastructure Category	Area	Infrastructure Scheme	Timing/ Phasing	Estimated Cost	Delivery/ Funding Sources	Available Funding	Estimated Potential Funding Gap
Public Transport	County-wide	Rail-bus link services	From 2016/2017	£1,000,000	Potentially WG Metro, BSSG	None. Potentially up to 90%	£1,000,000
Public Transport	County-wide	TrawsCymru Extensions	From 2016/2017	£1,500,000	Potentially WG Traws Cymru programme	None. Potentially up to 100%	£1,500,000
Public Transport	County-wide	Local bus service enhancement	2016-2021	£6,000,000	BSSG, MCC	Approx. £600k p.a.	£3,000,000
Public Transport	County-wide	Flexible bus services (Grass Routes extension)	2016-2021	£1,000,000	BSSG, MCC	Approx. £100k p.a.	£500,000
Walking & Cycling	Abergavenny	Active Travel Bridge Abergavenny and Llanfoist	2015-2017	£888,000	WG LTF	£85,000 to date. Potentially up to £800,000	£803,000
Walking & Cycling	Abergavenny	Abergavenny Active Travel Network	From 2016/2017	£500,000	Potentially WG LTF	None. Potentially up to 90%	£500,000
Walking & Cycling	Chepstow	Chepstow Active Travel Network	From 2016/2017	£500,000	Potentially WG LTF	None. Potentially up to 90%	£500,000
Walking & Cycling	Llanfoist	Upgrade of routes from Llanfoist school to provide health walks and education facility for all	Tbc	£8,000	MCC	None secured	£8,000
Walking & Cycling	Monmouth	Monmouth Active Travel Network	From 2016/2017	£1,250,000	Potentially WG LTF	None. Potentially up to 90%	£1,250,000
Walking & Cycling	Monmouth	Walking and cycling route improvements – Monmouth Link Connect	2011 onwards – scheme has started but still requires significant funding to complete	£2,400,000	Sustrans, Big Lottery funding	None secure to date	£2,400,000

Infrastructure Category	Area	Infrastructure Scheme	Timing/ Phasing	Estimated Cost	Delivery/ Funding Sources	Available Funding	Estimated Potential Funding Gap
Walking & Cycling	Monmouth	Refurbishment of Redbrook Railway bridge to accommodate Wye Valley Walk and Cycleway	Subject to detailed feasibility study	£700,000	MCC & GCC and potentially Sustrans/ developer funded	None secured	£700,000
Walking & Cycling	Monmouth	Wye Valley Walk. Engineering assessments have been completed on river erosion/ land slips	Tbc	£23,925 site investigations £5,500 design	MCC	None secured	£29,425
Walking & Cycling	Severnside	Caldicot Active Travel Network	From 2016/2017	£500,000	Potentially WG LTF	None. Potentially up to 90%	£500,000
Walking & Cycling	Severnside	Magor & Undy to Rogiet footpath	From 2016/2017	£480,000	None secured. Potentially WG LTF, WG SRIC <sup>9</sup>	None. Potentially up to £432,000	£480,000
Walking & Cycling	Severnside	Magor & Undy Active Travel Network	From 2016/2017	£250,000	Potentially WG LTF	None. Potentially up to 90%	£250,000
Walking & Cycling	Severnside	New cycle route along the B4245	Subject to detailed feasibility study	£100,000	MCC, Sustrans and potentially developer funded	None Secured	£100,000
Walking & Cycling	Severnside	Improvements to signage to and from Wales Coast Path from all Severnside towns	Tbc	£20,000	Tbc	None secured	£20,000
Walking & Cycling	Severnside	Reuse of MoD railway line to provide a new greenway linking Caldicot and Caerwent	Subject to detailed feasibility study	£500,000 subject to detailed design and additional costs of	MCC, Sustrans and potentially developer funded	None secured	£500,000

<sup>9</sup> Welsh Government Safe Routes in Communities Grant

Infrastructure Category	Area	Infrastructure Scheme	Timing/ Phasing	Estimated Cost	Delivery/ Funding Sources	Available Funding	Estimated Potential Funding Gap
				A48(M) overbridge			
Walking & Cycling	Usk	Usk Active Travel Network	From 2016/2017	£1,250,000	Potentially WG LTF	None. Potentially up to 90%	£1,250,000
Walking & Cycling	County-wide	Various schemes relating to access improvements/ upgrades to walking and cycling routes and PRow <sup>10</sup>	2012-2021	£2,500,000+	Tbc	Tbc	£2,500,000+
Highway Improvements	Abergavenny	Abergavenny traffic relief, environmental and road safety improvements	Tbc	Tbc	Potentially WG LTF, trunk road capital programme	Tbc	Tbc
Highway Improvements	Chepstow	Chepstow traffic relief, environmental and road safety improvements	Tbc	Tbc	Potentially WG LTF, trunk road capital programme	Tbc	Tbc
Highway Improvements	Monmouth	Monmouth Wye Bridge improvements	2015-2018	£1,300,000	WG LTF	£90,000 to date. Potentially up to £1,170,000	£1,210,000
Highway & Pedestrian Improvements	Penperlleni/ Llanellen	A4042 traffic relief and pedestrian improvements	Tbc	Tbc	Potentially WG LTF, trunk road capital programme	Tbc	Tbc
Highways	Severnside	Severn Tunnel Junction station new access road	From 2017/2018	£25,300,000	Potentially WG M4 enhancement scheme	None. Potentially all	£25,300,000
Highway Improvements	Usk	Usk traffic relief, environmental and road safety improvements	Tbc	Tbc	Potentially WG LTF	Tbc	Tbc

<sup>10</sup> Details of additional walking & cycling schemes that could be included under this theme and which are yet to be costed are set out in Appendix B Additional Potential CIL Eligible Infrastructure Schemes.



Infrastructure Category	Area	Infrastructure Scheme	Timing/ Phasing	Estimated Cost	Delivery/ Funding Sources	Available Funding	Estimated Potential Funding Gap
Highway Improvements	County-wide	Road safety capital schemes	From 2016/2017	£300,000	Potentially WG RS <sup>11</sup>	None. Potentially up to 90%	£300,000
Highway Improvements	County-wide	20mph zones across Monmouthshire	From 2015/2016	Tbc	Tbc	Tbc	Tbc
Sustainable Transport	County-wide	Development and implementation of travel plans	From 2016/2017	£500,000	None	None	£500,000
<b>Transport Identified Potential Funding Gap</b>							<b>£37,233,425</b> (excluding Severn Tunnel Junction Station new access road <sup>12</sup> ) <b>£62,533,425</b> (including Severn Tunnel Junction Station new access road)
<b>Public Realm/Town Centres</b>							
Public Realm	Abergavenny	Street furniture and planters	2015-2016	Subject to further feasibility and cost assessment	MCC in partnership with Team Abergavenny	Tbc	Tbc
Public Realm	Abergavenny	Signage through interlinking routes to railway, bus station and car parks	2015-2017	Subject to further feasibility and cost assessment	MCC in partnership with Team Abergavenny	Tbc	Tbc

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<sup>11</sup> Welsh Government Road Safety Grant

<sup>12</sup> This highway improvement could potentially be delivered through WG M4 Enhancement Scheme

Infrastructure Category	Area	Infrastructure Scheme	Timing/ Phasing	Estimated Cost	Delivery/ Funding Sources	Available Funding	Estimated Potential Funding Gap
Public Realm	Monmouth	Monnow Street improvement to pedestrian environment and streetscape	Tbc	Tbc	Tbc	Tbc	Tbc
Public Realm	Monmouth	Gateway Monmouth Project – environmental improvements to riverside environment/ hardscaping adjacent to Monnow Bridge & Gate	2017-2020	£2,500,000 (£50,000 secured from S106 funding)	Partners to be identified for community delivery	£50,000	£2,450,000
Public Realm	Severnside: Caldicot	Vision Document and Development Plan for Caldicot Town Centre	2016-2020	Costs subject to outputs identified in the Visioning Report/Development Plan	Caldicot Town Team	Tbc	Tbc
Public Realm	Severnside: Caldicot	Caldicot Linkage Scheme – creating an attractive and accessible link between Asda and town centre	2016-2017	£250,000 (£200,000 secured from Section 106 funding)	MCC in partnership with Caldicot Town Team	£200,000	£50,000
Public Realm	Severnside: Caldicot	‘Creative Bubble Project’ – improving occupancy and presentation of vacant shops in the town centre	2016-2017	Costs subject to feasibility assessment	Caldicot Town Team	Tbc	Tbc
Public Realm	Severnside: Caldicot	‘This is Caldicot’ Project – improvements to town centre signage	2016-2017	Costs subject to feasibility assessment	Caldicot Town Team	Tbc	Tbc
Public Realm	Severnside: Caldicot	Development of digital trails linking town centre with tourism routes	2015-2016	Tbc - funded by WG super connected cities and	Caldicot Town Team	Tbc	Tbc

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Infrastructure Category	Area	Infrastructure Scheme	Timing/ Phasing	Estimated Cost	Delivery/ Funding Sources	Available Funding	Estimated Potential Funding Gap
				existing S106			
<b>Public Realm Identified Potential Funding Gap</b>							<b>£2,500,000</b>
<b>Broadband</b>							
Broadband	County-wide	Enhance access to superfast broadband across the County and to allow progression of key projects e.g. Super-connected Cities.	2013 onwards	Tbc	WG, BT and private providers and MCC?	Tbc	Tbc
<b>Broadband Identified Potential Funding Gap</b>							<b>Tbc</b>
<b>Strategic Flood Defence</b>							
Strategic Flood Defence	Severnside: Portskewett	Blackrock coastal protection blockwork, west and east of Blackrock Picnic Site	Tbc	Initial engineering feasibility study carried out in 2015 but needs further consideration of options and costs. Initial options vary from £0.1m to £1m+	MCC	None secured	£1,000,000
<b>Strategic Flood Defence Identified Potential Funding Gap</b>							<b>£1,000,000</b>

Infrastructure Category	Area	Infrastructure Scheme	Timing/ Phasing	Estimated Cost	Delivery/ Funding Sources	Available Funding	Estimated Potential Funding Gap
<b>Recycling and Waste</b>							
Recycling and Waste	Monmouth	Monmouth Community Amenity site upgrade	Tbc	Indicative costs are £1.5-£2m if built and run by the Council.	Tbc	None secured	£2,000,000
<b>Recycling and Waste Identified Potential Funding Gap</b>							<b>£2,000,000</b>
<b>SOCIAL AND COMMUNITY INFRASTRUCTURE</b>							
<b>Education</b>							
Page 260 Education	County-wide	Redevelopment/ refurbishment of existing schools to provide a Community Campus in:			Grant of £80m available from Welsh Government for schools refurbishment /redevelopment programme throughout Monmouthshire – match funding to be provided by MCC.		
		Abergavenny	Tbc	Tbc		Tbc	Tbc
		Chepstow	2018 onwards	Tbc		Tbc	Tbc
		Monmouth	2016-2018	£40m		Tbc	Tbc
		Severnside – Caldicot	2013-2016	£30m approx.		Tbc	Tbc
Education	Potentially Monmouthshire	New Welsh medium School required in the south east Wales area – joint provision with Torfaen, Newport and Blaenau Gwent.	2017 onwards	Tbc	This is in Band B 21 <sup>st</sup> Century Schools Programme but need will be earlier than 2018	Tbc	Tbc
Education	County-wide	Refurbishment/ redevelopment of the	Tbc	Not confirmed but the	Tbc	Tbc	Tbc

Infrastructure Category	Area	Infrastructure Scheme	Timing/ Phasing	Estimated Cost	Delivery/ Funding Sources	Available Funding	Estimated Potential Funding Gap
		following primary schools: <ul style="list-style-type: none"> <li>• Castle Park PS Caldicot</li> <li>• Goytre Fawr PS Penperlleni</li> <li>• Thornwell PS Phase II Chepstow</li> <li>• Ysgol Gymraeg Y Ffin PS Caldicot</li> <li>• Llanvihangel Crucorney PS</li> </ul>		estimated cost for the schemes is £55m and includes the build, ICT and sustainable energy solutions			
<b>Education Identified Potential Funding Gap</b>							<b>Tbc</b>
<b>Community Facilities</b>							
Community Facilities	Abergavenny	Abergavenny Community Centre, Park Street – Centre for Wellbeing, Creativity and Community Self-Reliance	2015-2017	£350,000	Abergavenny Community Trust	None secured	£350,000
Community Facilities	Chepstow	Conversion of Old Board School, Bridge Street into a Community Enterprise Hub	Tbc	£650,000	Chepstow and District Mencap Society	None secured	£650,000
Community Facilities	Raglan	New Village Hall	2016-2017	£950,000	Part Lottery funding (50%)	£475,000	£475,000
Community Facilities	Severnside: Magor/Undy	New Village Hall (3 Fields Site)	Tbc	£2,300,000	Community to source funding	None secured	£2,300,000
<b>Community Facilities Identified Potential Funding Gap</b>							<b>£3,775,000</b>

Infrastructure Category	Area	Infrastructure Scheme	Timing/ Phasing	Estimated Cost	Delivery/ Funding Sources	Available Funding	Estimated Potential Funding Gap
<b>Sport and Recreation</b>							
Sport & Recreation	Abergavenny	New 3G pitch for north Monmouthshire (location to be agreed but preferred site is Abergavenny)	2017/2018	£750,000	Part of national 3G strategy – possible external grant £250,000 from Collaboration Group	Potentially £250,000	£750,000
Sport & Recreation	Abergavenny	Changing rooms for new 3G pitch	2017/2018	£350,000	Location to be agreed with 21 <sup>st</sup> Century Schools	None secured	£350,000
Sport & Recreation	Abergavenny	Install 3G surface on half of MUGA at Abergavenny leisure centre	2017/2018	£50,000	To be procured as part of same contract for similar provision at Monmouth Leisure Centre	None secured	£50,000
Sport & Recreation	Abergavenny	Bailey Park - Multi Use Games Area on part of old tennis courts	Subject to funding being available	£100,000	Potential for Big Lottery funding as part of Abergavenny Green Spaces bid via Town Team/Town Council	None secured	£100,000
Sport & Recreation	Abergavenny	Bailey Park - Extended play area for older youngsters on part of old tennis courts	Subject to funding being available	£50,000	Potential for Big Lottery funding as part of Abergavenny Green Spaces bid via Town Team/Town Council	None secured	£50,000
Sport & Recreation	Abergavenny	Bailey Park - Repair and replacement of perimeter railings and gates	2018/2019	£50,000	£10,000 contribution available from cattle market development	Potentially £10,000	£40,000
Sport & Recreation	Abergavenny	Bailey Park - New replacement pavilion	Subject to feasibility study	£500,000	Potential for Big Lottery funding as part of Abergavenny Green Spaces bid via Town	None secured	£500,000

Infrastructure Category	Area	Infrastructure Scheme	Timing/ Phasing	Estimated Cost	Delivery/ Funding Sources	Available Funding	Estimated Potential Funding Gap
					Team/Town Council		
Sport & Recreation	Abergavenny	Bailey Park enhancements – new bins, benches, seating, path resurfacing, interpretation boards	20015-2017	Subject to further feasibility and cost assessment	Team Abergavenny	Tbc	Tbc
Sport & Recreation	Abergavenny	Linda Vista Gardens – various enhancements including signage, benches, gates, footpaths; renovation of machine store; refurbishment of toilet block	2015-2017	Subject to further feasibility and cost assessment	Team Abergavenny	Tbc	Tbc
Sport & Recreation	Chepstow	Install 3G surface on half of MUGA at Chepstow Leisure Centre	When funding is available	£50,000	To be procured as part of same contract for similar provision at Caldicot Leisure Centre	None secured	£50,000
Sport & Recreation	Llanfoist	Provision of regional off-road cycling centre	2017/2018	£950,000	Potential grant funding of £250,000 from Welsh Cycling	Potentially £250,000	£950,000
Sport & Recreation	Monmouth	Enhancements to new swimming pool at Monmouth Leisure Centre	2018/2019	£5,168,000	To be delivered as part of provision of new school on site of current Monmouth Comprehensive School. £4m funding confirmed from WG	£4m	Tbc
Sport & Recreation	Monmouth	Install 3G surface on half of MUGA at Monmouth Leisure Centre	2018/2019	£50,000	To be procured as part of same contract for similar provision at Abergavenny	None secured	£50,000

Infrastructure Category	Area	Infrastructure Scheme	Timing/ Phasing	Estimated Cost	Delivery/ Funding Sources	Available Funding	Estimated Potential Funding Gap
					Leisure Centre		
Sport & Recreation	Severnside: Caldicot	Construct new changing rooms to service the outdoor sports facilities on the School/Leisure Centre site in Caldicot	2018/2019 depends on outcome of the feasibility study and planning permission	£350,000	Severnside 3G pitch is a regional facility for the whole of south Monmouthshire. The proposed new changing rooms need to be delivered linked to the delivery of the new Caldicot School project.	None secured	£350,000
Sport & Recreation	Severnside: Caldicot	Install 3G surface on half of MUGA at Caldicot Leisure Centre	2018/2019	£50,000	To be procured as part of same contract for similar provision at Chepstow Leisure Centre	None secured	£50,000
Sport & Recreation	Severnside: Caldicot	Spine Footpath – upgrade play area to meet current standards	Subject to consultation on play needs in the area	£100,000	MCC funded	None secured	£100,000
Sport & Recreation	Severnside: Caldicot	Secure plots in Caldicot and wider Severnside area to develop incredible edibles scheme	2015	Tbc	Caldicot Town Team	Tbc	Tbc
Sport & Recreation	County-wide	Leisure Centre facilities upgrade – Abergavenny, Caldicot, Chepstow and Monmouth leisure centres	Tbc	£300,000	MCC	None secured	£300,000
<b>Sport and Recreation Identified Potential Funding Gap</b>							<b>£3,690,000</b>



Infrastructure Category	Area	Infrastructure Scheme	Timing/ Phasing	Estimated Cost	Delivery/ Funding Sources	Available Funding	Estimated Potential Funding Gap
<b>GREEN INFRASTRUCTURE</b>							
Green Infrastructure	Abergavenny	Castle Meadows – extend the existing managed greenspace to Ysbytty Fields to improve linkage to Llanfoist	2012-2021	Subject to detailed feasibility study	MCC and potentially developer funded	Tbc	Tbc
Green Infrastructure	Abergavenny	Castle Meadows – renewal of river bank protection near Llanfoist bridge with green engineered scheme	2012-2021	£60,000 (subject to detailed assessment)	MCC and potentially developer funded. Potential to link with NRW fish pass project at Llanfoist bridge	None secured	£60,000
Green Infrastructure	Abergavenny	Castle Meadows – enhancing access route from Castle Street including new walkway and rebuilding of retaining wall	2016-2021	£50,000 (subject to detailed assessment)	MCC and potentially developer funded	None secured	£50,000
Green Infrastructure	Abergavenny	Castle Meadows – delivery of Interpretation Strategy	2016-2021	£50,000	MCC and Friends of Castle Meadows and potentially developer funded	None secured	£50,000
Green Infrastructure	Abergavenny	Castle Meadows – creation of sculpture, path repairs	2015-2017	Subject to further feasibility and cost assessment	Team Abergavenny	Tbc	Tbc
Green Infrastructure	Severnside: Caldicot	Caldicot Castle and Country Park: Reconfiguration of site access and car parking; Improving the play and activity offer; new product	Subject to action plan	Reconfiguration of site access and car parking technical	Potential funding applications to the Heritage Lottery Fund and CADW	None secured	£770,000

Infrastructure Category	Area	Infrastructure Scheme	Timing/ Phasing	Estimated Cost	Delivery/ Funding Sources	Available Funding	Estimated Potential Funding Gap
		opportunities to extend the destination appeal of the castle and country park; optimise the environmental assets of the park		appraisal £20,000, implementation costs unknown; £750,000			
Green Infrastructure	Severnside/ Chepstow	Wales Coast Path Interpretation	Tbc	Phase 2 excluding costs of sourcing artefacts £30-40,000	Tbc	None secured	£40,000
Open Infrastructure	Whitebrook	Whitebrook Byway	Tbc	£70-80,000	MCC	None secured	£80,000
Green Infrastructure	County-wide: Abergavenny, Chepstow, Monmouth, Severnside	Seek opportunities to address deficiencies in open space	Ongoing	Subject to detailed feasibility study	MCC and potentially developer funded	Tbc	Tbc
Green Infrastructure	County-wide: Abergavenny, Chepstow, Monmouth, Severnside	Development of Action Plan & interpretation of countryside access and wider GI issues showing opportunities for walking and enhanced environment by provision of interpretive materials around routes, improved biodiversity	Subject to detailed action plan	£100,000 (£25,000 per settlement) plus £20,000 (£5,000 action plan per settlement)	MCC	None secured	£120,000

Infrastructure Category	Area	Infrastructure Scheme	Timing/ Phasing	Estimated Cost	Delivery/ Funding Sources	Available Funding	Estimated Potential Funding Gap
		connectivity, opportunities linked to open space and amenity mitigation where required.					
Green Infrastructure	County-wide: Abergavenny, Chepstow, Monmouth, Severnside	Delivery of Action Plan projects encompassing GI benefits including biodiversity connectivity and enhancements, place making, and open space benefits and circular routes around towns and villages linking to health tourism and heritage.	Tbc	£80,000 (£20,000 per settlement)	MCC and developer funded	None secured	£80,000
Green Infrastructure	County-wide	New/enhanced access to natural greenspace and various GI opportunities across the County <sup>13</sup>	Tbc	Tbc	Tbc	Tbc	Tbc
<b>Green Infrastructure Identified Potential Funding Gap</b>							<b>£1,250,000</b>
<b>Total Identified Potential Funding Gap</b>							<b>£51,448,425</b> (excluding Severn Tunnel Junction station new access road) <b>£76,748,425</b> (including Severn Tunnel Junction station new access road)

<sup>13</sup> Details of additional green infrastructure schemes that could be included under this theme and which are yet to be costed are set out in Appendix B Additional Potential CIL Eligible Infrastructure Schemes

## 4 Conclusion

- 4.1 The total identified estimated infrastructure funding gap is currently £52,973,425 (excluding the Severn Tunnel Junction station new access road<sup>14</sup>)/ £78,273,425 (including the Severn Tunnel Junction station new access road). This is a significant amount and clearly exceeds the amount of CIL revenue projected to be generated during the Plan period. The costs associated with certain schemes, including education and broadband, are yet to be determined meaning that this figure is likely to rise further. However, it is also recognised that as more detailed cost information and available funding sources are confirmed it may be that the total funding gap is reduced. As previously stated, the Infrastructure Plan is an evolving document and will be regularly reviewed/ revised as more up-to-date cost information becomes available.

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<sup>14</sup> This highway improvement could potentially be delivered through WG M4 Enhancement Scheme

## APPENDIX A

### Overview of CIL Eligible Infrastructure

Infrastructure Category	CIL Eligible	Notes
<b>Physical Infrastructure</b>		
Improved Public Transport <ul style="list-style-type: none"> <li>• Bus service and network</li> <li>• Rail service and network</li> <li>• Walking and Cycling</li> </ul>	✓ ✓ ✓	It is not expected that such infrastructure schemes will be entirely funded through CIL, however, it is considered that CIL could be one of the funding mechanisms to deliver such schemes.
Highway Improvements	✓	It is not expected that such infrastructure schemes will be entirely funded through CIL, however, it is considered that CIL could be one of the funding mechanisms to deliver such schemes. S106 contributions will continue to be used where local transport infrastructure is necessary to remove site specific obstacles to planned development e.g. access improvements
Utilities <ul style="list-style-type: none"> <li>• Surface water and flood risk mitigation</li> <li>• Energy – electricity and gas</li> <li>• Water resources – potable water and sewerage treatment</li> <li>• Telecommunications – Mobile operators</li> <li>• Telecommunications – Broadband</li> </ul>	X X X X ✓	Utility companies have a duty to provide/fund strategic infrastructure to serve new development and as such the funding of improvements to utilities will not be dependent on CIL funding. The exception to this is the provision of broadband - given that its provision is heavily reliant on a sufficient customer base and it is of strategic importance to the County's economy, it is considered appropriate to use CIL funding towards the provision of broadband.
Strategic Flood Defences	✓	

Household Waste and Recycling	✓	
Public Realm/Town Centre Improvements	✓	
Heritage Assets	✓	
<b>Social and Community Infrastructure</b>		
Education	✓	In view of the need to 'pool' contributions, it is considered that CIL funding could be used alongside other funding sources to fund education provision in Monmouthshire.
Health Care	X	As primary and acute health care is funded from various sources (e.g. third party development, WG grant) it is not anticipated that such infrastructure will be eligible for CIL funding.
Emergency Services	X	Emergency service facilities are provided by the relevant bodies and as such is it not anticipated that these facilities will be eligible for CIL funding.
Crematoria and Burial Grounds	✓	
Community Centres/Village Halls	✓	
Sport and Leisure facilities	✓	Given the strategic nature of sport/leisure facilities and the need to 'pool' any contributions, it is considered that CIL funding could be used to contribute towards such provision. However, on-site provision needed as an integral part of new development schemes (e.g. on-site play) will continue to be funded through S106 contributions.
<b>Green Infrastructure</b>		
Strategic Green Infrastructure	✓	Given the strategic nature of much GI and the need to 'pool' any contributions, it is considered that CIL funding could be used to contribute towards such provision. However, the provision of adequate on-site GI should continue to be provided by the developer as an integral part of new development schemes.

## APPENDIX B

### Additional Potential CIL Eligible Walking/Cycling and Green Infrastructure Schemes

Infrastructure Category	Area	Infrastructure Scheme	Timing/ Phasing	Estimated Cost	Delivery/ Funding Sources	Available Funding	Estimated Potential Funding Gap
<b>PHYSICAL INFRASTRUCTURE</b>							
<b>Transport</b>							
Walking & Cycling	Chepstow	Access improvements to the River Wye	Tbc	Tbc	MCC, developer funded	Tbc	Tbc
Walking & Cycling	Chepstow	Improvements to WVW Piercefield Furniture	Tbc	Tbc	MCC	Tbc	Tbc
Walking & Cycling	Abergavenny/ Llanfoist	Access improvements between Abergavenny/ Llanfoist and the BIWHS	Subject to feasibility study	Subject to feasibility study	MCC and potentially developer funded	Tbc	Tbc
Walking & Cycling	Monmouth	Walking and horse riding access improvements on the PRow network	Subject to action plan	Subject to action plan	MCC and potentially developer funded	Tbc	Tbc
Walking & Cycling	Monmouth	Wyesham to Redbrook cycleway	Subject to detailed feasibility assessment	Subject to detailed feasibility assessment	Sustrans /developer funded	Tbc	Tbc
Walking & Cycling	Monmouth	Improvements to footpath furniture and signage from Wonastow Road to Kings Wood	Tbc	Tbc	MCC assessment required from CAMS	Tbc	Tbc

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Infrastructure Category	Area	Infrastructure Scheme	Timing/ Phasing	Estimated Cost	Delivery/ Funding Sources	Available Funding	Estimated Potential Funding Gap
Walking & Cycling	Severnside	Access improvements to the PRow network	Subject to detailed feasibility study	Subject to detailed feasibility study	MCC and potentially developer funded	Tbc	Tbc
Walking & Cycling	Severnside	Wales Coast Path improvements including links and circular paths and improvements to the Black Rock picnic site	Subject to action plan	Subject to action plan	Subject to action plan	Tbc	Tbc
Walking & Cycling	Severnside	Potential for a route linking Sudbrook to Caldicot/Portskewett and Caldicot Greenway	Subject to detailed feasibility study	Subject to detailed feasibility study	MCC, Sustrans and potentially developer funded	Tbc	Tbc
Walking & Cycling	Usk	Usk to Mamhilad railway path – new shared use/ cycle route	Subject to detailed feasibility study	Subject to detailed feasibility study	MCC and potentially Sustrans	Tbc	Tbc
<b>GREEN INFRASTRUCTURE</b>							
Green Infrastructure	Abergavenny	Seek opportunities to open up access to currently inaccessible natural greenspaces	Subject to detailed feasibility study	Subject to detailed feasibility study	MCC	Tbc	Tbc
Green Infrastructure	Chepstow	New/enhanced accessible natural greenspace in the new development north of the motorway	Subject to detailed feasibility study	Subject to detailed feasibility study	MCC and potentially developer funded	Tbc	Tbc
Green infrastructure	Chepstow	New/enhanced accessible natural greenspace in the centre of Chepstow adjoining	Subject to detailed feasibility	Subject to detailed feasibility	MCC and potentially developer funded	Tbc	Tbc



Infrastructure Category	Area	Infrastructure Scheme	Timing/ Phasing	Estimated Cost	Delivery/ Funding Sources	Available Funding	Estimated Potential Funding Gap
		the River Wye	study	study			
Green Infrastructure	Monmouth	Provision of accessible natural greenspace to the north of the town/ provision of access to currently inaccessible natural greenspace	2014-2020	Subject to detailed feasibility study	MCC and potentially developer funded	Tbc	Tbc
Green Infrastructure	Severnside	Nedern Catchment Landscape Partnership Scheme	Subject to detailed feasibility study	Subject to detailed feasibility study	MCC, NRW	Tbc	Tbc
Green Infrastructure	Severnside: Magor	Provision of Tier 2 accessible natural greenspace to the east of Magor	Subject to detailed feasibility study	Subject to detailed feasibility study	MCC and potentially developer funded	Tbc	Tbc
Green Infrastructure	Severnside: Rogiet	Improvements to Rogiet Countryside Park	Subject to detailed feasibility study	Subject to detailed feasibility study	Not known	Tbc	Tbc
Green Infrastructure	Severnside	Gwent Shril Carder Bee Habitat Project	Ongoing	Subject to detailed feasibility study	Gwent Wildlife Trust	Tbc	Tbc
Green Infrastructure	Severnside	Living Levels	Tbc	Tbc	RSPB, GWT, NRW	Tbc	Tbc
Green Infrastructure	Severnside: Sudbrook	Sudbrook habitat creation and management	Subject to detailed feasibility study	Subject to detailed feasibility study	MCC and potentially developer funded	Tbc	Tbc

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Infrastructure Category	Area	Infrastructure Scheme	Timing/ Phasing	Estimated Cost	Delivery/ Funding Sources	Available Funding	Estimated Potential Funding Gap
Green Infrastructure	Tintern	Old Station Tintern, Abbey Tintern Furnace and Wire Works. A Management Plan is currently being developed for all three sites	Awaiting publication of plan	Awaiting publication of plan	Awaiting publication of plan	Tbc	Tbc
Green Infrastructure	Usk	Usk Island – improve access in association with the possible use of the adjacent redundant railway track and ex railway bridge over the River Usk which has been identified by Sustrans as a potential multi-purpose route	Subject to detailed feasibility study	Subject to detailed feasibility study	Tbc	Tbc	Tbc
Green Infrastructure	Wye Valley AONB	Contribution to the delivery of actions within the AONB Management Plan	Subject to action plan	Subject to action plan	MCC, AONB Unit, landowners/managers	Tbc	Tbc
Green Infrastructure	County-wide	Development of circular routes/links off the Offa's Dyke Path in and around key settlements/to key GI assets and community facilities	Subject to detailed feasibility study	Subject to detailed feasibility study	MCC, Sustrans and potentially developer funded	Tbc	Tbc
Green Infrastructure	County-wide	Development of circular routes/links off the Usk Valley Walk in and around key settlements/to key GI assets and community facilities	Subject to detailed feasibility study	Subject to detailed feasibility study	MCC, Sustrans and potentially developer funded	Tbc	Tbc
Green Infrastructure	County-wide	River restoration project including the Wye, Monnow, Trophy and Usk	Subject to detailed feasibility study	Subject to detailed feasibility study	MCC, AONB Unit, Canal and River Trust and potentially developer funded	Tbc	Tbc

Infrastructure Category	Area	Infrastructure Scheme	Timing/ Phasing	Estimated Cost	Delivery/ Funding Sources	Available Funding	Estimated Potential Funding Gap
Green Infrastructure	County-wide	Provision of new and/or enhancement to existing GI and access along river corridors (e.g. Redbrook bridge, Monmouthshire and Brecon Canal towpath improvements)	Subject to detailed feasibility study	Subject to detailed feasibility study	MCC, Canal and River Trust and potentially developer funded	Tbc	Tbc
Green Infrastructure	County-wide	Enhancements between water catchment areas	Subject to detailed feasibility study	Subject to detailed feasibility study	MCC, NRW and landowners/managers	Tbc	Tbc
Green Infrastructure	County-wide	A and B Road Pollinator Project	Ongoing	Tbc	MCC, Wildlife Trust	Tbc	Tbc
Green Infrastructure	County-wide	Where appropriate, seek opportunities to enhance accessible natural greenspace provision, e.g. through provision of access to currently inaccessible natural greenspaces and/or improving management of existing sites to increase biodiversity value/'naturalness' (nb: County already generally well provided for in terms of accessible natural greenspace)	Subject to detailed feasibility study	Subject to detailed feasibility study	MCC, existing land owners/managers	Tbc	Tbc
Green Infrastructure	County-wide	GI provision/retrofitting in relation to existing or new road corridor (e.g. A40, M4)	Subject to detailed feasibility study	Subject to detailed feasibility study	MCC and Highways	Tbc	Tbc

Infrastructure Category	Area	Infrastructure Scheme	Timing/ Phasing	Estimated Cost	Delivery/ Funding Sources	Available Funding	Estimated Potential Funding Gap
Green Infrastructure	County-wide	Contribution towards the delivery of the PRow Improvement Plan	Subject to Action Plan	Subject to Action Plan	MCC and potentially developer funded	Tbc	Tbc
Green Infrastructure	County-wide	Interpretation and Improved signage on and linking to three Castles Walk, Monnow Valley Walk, Usk Valley Walk	Tbc	Tbc	Tbc	Tbc	Tbc
Green Infrastructure	County-wide	Identification of least restrictive access routes in all major towns/villages and improvements to furniture from or near Doctors surgeries	Tbc	Tbc	Tbc	Tbc	Tbc

**SUBJECT: MONMOUTHSHIRE LOCAL DEVELOPMENT PLAN AFFORDABLE HOUSING SUPPLEMENTARY PLANNING GUIDANCE**  
**MEETING: COUNCIL**  
**DATE: 10 MARCH 2016**  
**DIVISION/WARDS AFFECTED: ALL**

## 1. PURPOSE:

The purpose of this report is:

- 1.1 To advise Council of the results of the recent consultation on Draft Supplementary Planning Guidance (SPG) on Affordable Housing to support the policies of the Monmouthshire Local Development Plan (LDP).
- 1.2 To seek Council's agreement to adopt the Affordable Housing SPG as SPG in connection with the Monmouthshire LDP.

## 2. RECOMMENDATIONS:

- 2.1 To adopt the Affordable Housing SPG as SPG in connection with the Monmouthshire LDP to take effect from 1 April 2016. In respect to commuted sums for off-site affordable housing provision, these would apply to planning applications registered as valid on or after 1 April 2016.

## 3. KEY ISSUES:

### 3.1 Background

Council endorsed Draft Affordable Housing SPG to be issued for consultation purposes on 22 January 2015. The report to Council (which was rearranged from 18 December 2014) is attached as **Appendix A**.

- 3.2 The consultation took place for a period of 6 weeks from Thursday 19th February 2015 to Thursday 2nd April 2015. A notice was placed in the Monmouthshire Free Press on 18 February 2015 and 388 individual notifications were sent out to:

- Specific (including Town and Community Councils), General and Other consultees, as identified in the LDP Community Involvement Scheme;
- Residents who were on the LDP consultation data base and had specifically requested to be notified of the SPGs;
- Agents/developers who work in the Council area.

- 3.3 11 replies were received. These have been split into 41 representations that are summarised, together with the suggested Council response, in the Report of Consultation provided as **Appendix B**.

- 3.4 The main themes arising from the consultation are considered to be:

- 3.4.1 Objections to affordable housing requirement being based on the theoretical capacity of the site when a density of 30 dwellings per hectare is not achieved.

Response: It is recognised that it would be unreasonable to require a higher percentage of affordable housing than that set out in LDP Policy S4 if there were good reasons to justify a development not achieving 30 dwellings per hectare. Policy S4, however, does require that the capacity of a development site will be based on an

achievable density of 30 dwellings per hectare. This figure will still be used to establish whether or not a development achieves the threshold that requires affordable housing to be provided on site. It is accepted, however, that the percentage of affordable housing required should be based on the 'agreed' capacity of the site rather than the 'theoretical' capacity and the text of the SPG has been amended accordingly.

- 3.4.2 Objections to the Council identifying a preferred Registered Social Landlord (RSL) for developers to work with.

Response: It is accepted that the Council cannot insist that a developer works with a specific RSL. There are sound reasons, however, for the Council's preference for working with the RSLs that are zoned for Monmouthshire. The paragraph stating that the Council will identify a preferred RSL (paragraph 5.3.3, formerly 6.3.4), therefore, has been amended to provide a more neutral wording that explains the position. Paragraph 5.12 (formerly 6.9) has also been amended for clarity.

- 3.4.3 Clarification is requested on when an affordable housing financial contribution on small sites will be payable because of concerns over cash flow issues.

Response: Concerns regarding potential cash flow issues for small businesses are recognised. The Council is content to adopt a flexible approach in such circumstances. An additional paragraph has been added to clarify this, stating that commuted sums are normally required when 70% of the units on site are completed and occupied but that this is open to negotiation should viability considerations make that necessary.

- 3.4.4 Queries on how the Affordable Housing financial contribution is calculated.

Response: A number of detailed queries on this issue are addressed in the Report of Consultation. Some additional text has been added to the SPG to try and better explain the process.

- 3.4.5 Queries over neutral tenure requirements and the relationship with Policy SAH11 sites (rural housing allocations).

Response: It is recognised that the way in which the draft SPG was written had potential for causing confusion. Section 6 of the SPG on the options for the delivery of affordable housing has been amended to deal with SAH11 sites under a separate heading. All general affordable housing will be required to be built to Welsh Government (WG) Development Quality Requirements (DQR) and be neutral tenure. More flexibility will be offered in relation to SAH11 sites because of the more difficult viability issues. If intermediate housing products are provided on SAH11 sites the standard of construction would not necessarily be DQR but would be negotiated to a standard agreed by the Council and its RSL partners.

- 3.4.6 Objection to the lack of flexibility in the definitions of affordable housing.

Response: It is considered that the Council needs to follow the definitions in TAN2, which sets out affordable housing policies for Wales, notwithstanding that other approaches may be acceptable under English planning policy. In any event, the greatest need for affordable housing in Monmouthshire if people on the housing waiting list are to be accommodated is for housing for social rent. Provision of tenure neutral housing as set out in the SPG provides the flexibility to also achieve Low Cost Home Ownership. Other approaches are not considered to be appropriate for Monmouthshire as they will not be meeting the Council's housing need.

- 3.4.6 Objections to the viability implications of building affordable homes to DQR, commenting also that this requirement conflicts with the aim of ensuring that affordable units are indistinguishable from owner occupied homes.

Response: It is considered essential that DQR is achieved on neutral tenure properties (which is what the Council requires to meet its housing need) to achieve appropriate design, space standards and quality of new homes. Just because an affordable home is larger than a market home does not mean that it cannot be indistinguishable in

terms of its external appearance, such as materials and elevational treatment. Should developers be able to demonstrate that the requirement for DQR would have an adverse impact on viability then the percentage affordable housing requirement can be renegotiated (as allowed for in LDP Policy S4, which states that the 35% and 25% requirements are 'subject to appropriate viability assessment').

- 3.4.7 Objections to the viability implications of the proposed percentage payments to developers for the transfer of affordable housing to RSLs (42% of WG Acceptable Cost Guidance (ACG)).

Response: The greatest need for affordable housing in Monmouthshire if people on the housing waiting list are to be accommodated is for housing for social rent. The maximum that an RSL can afford to pay based on the rental income they would receive from the properties is 42% of Welsh Government Acceptable Cost Guidance (ACG). Whilst the developer would receive a higher percentage of ACG for Intermediate Rent, for instance, this would not be meeting housing need in Monmouthshire. It is considered essential that the 42% of ACG transfer rate remains in order to meet housing need in Monmouthshire. Should developers be able to demonstrate that this would have an adverse impact on viability then the percentage affordable housing requirement can be renegotiated (as allowed for in LDP Policy S4, which states that the 35% and 25% requirements are 'subject to appropriate viability assessment'). Further text has been added to paragraph 6.3.5 (new paragraph 5.3.4) to provide justification for the 42% transfer rate.

- 3.4.8 Concerns about the implications of 'pepper-potting'.

Response: It is considered that the principle of 'pepper-potting' is an important one. Nevertheless, there would be scope for flexibility in negotiating over design and layout if a developer argued a special justification. It is also recognised that the limit of 10 dwellings on a cluster of affordable homes may be overly restrictive and inflexible, particularly on a large scale development. It is recommended, therefore, that this figure be increased to 15.

- 3.4.9 The changes made in response to the objections referred to in paragraph 3.4.1 also have implications for the proposed approach to infill sites within Main Villages that are not allocations under Policy SAH11. Some revisions have been made to Section 4.4(D), therefore, to ensure consistency. There is also a need to provide clarity on how the suggested policy will be applied on larger sites in Main Villages where it is feasible to provide affordable housing on site.

- 3.4.10 A number of additional amendments have been made to the original consultation draft to update and provide greater clarity, including:

- Section 4, Monmouthshire Planning Policies on Affordable Housing, has been re-arranged and given additional paragraph numbering in an attempt to make the process for assessing affordable housing requirements clearer. This has been accompanied by the addition of Appendix 7, which provides a diagrammatic representation of the process.
- Section 5, Rural Exceptions Policy, has been merged with Section 4 and the remainder of the document renumbered.
- Examples of how affordable housing contributions are calculated have been moved from Section 4 to Appendix 6.
- Appendix 4, which provided an excerpt from the Community Infrastructure Levy Regulations to illustrate how the exemption for self-builders' paying affordable housing contributions would operate, has been revised to include a standard Section 106 agreement for the provision of Affordable Housing Financial Contributions
- An extra paragraph 5.11 has been added to clarify the position regarding service charges and ground rents.

3.4.11 This report on the adoption of the Affordable Housing SPG has been delayed in order that the viability implications of the policies that it introduces could be tested. The SPG sets out enhanced space standards to meet Welsh Government Development Quality Requirements, a revised housing mix and changes to percentage payments to developers for the transfer of affordable housing to Registered Social Landlords compared with what was tested in the initial viability report prepared to establish a charging schedule for a Community Infrastructure Levy (CIL). Potentially, these changed policies could have affected the amount of CIL that can be charged (and the percentage of affordable housing that can be achieved under LDP policy). In this respect, the revised viability testing has not indicated any adverse impacts on viability arising from the policies set out in the SPG.

3.5 An amended SPG, incorporating the changes arising from the issues identified above is attached as **Appendix C**.

#### **4. REASONS:**

4.1 Under the Planning Act (2004) and associated Regulations, all local planning authorities are required to produce a LDP. The Monmouthshire LDP was adopted on 27 February 2014 and decisions on planning applications are now being taken in accordance with policies and proposals in the LDP. The Affordable Housing SPG provides further explanation and guidance on the way in which the affordable housing policies of the LDP will be implemented.

#### **5. RESOURCE IMPLICATIONS:**

5.1 Officer time and costs associated with the publication of the SPG document. These will be within the existing Planning Policy budget.

5.2 A new funding stream will arise from processes introduced in association with the Affordable Housing SPG. LDP Policy S4, Affordable Housing, makes provision for financial contributions to be required to assist in funding affordable housing in the County where residential developments do not meet the thresholds for providing such housing on site. In addition, a process is set out in the SPG for requiring financial contributions in the exceptional circumstances where it is not appropriate or feasible to provide affordable housing on site.

#### **6. SUSTAINABLE DEVELOPMENT AND EQUALITY IMPLICATIONS:**

6.1 These were considered in the report that was presented to Council on 22 January 2015 Council (rearranged from 18 December 2014) and which is attached as **Appendix A**.

6.2 A Future Generations Evaluation is attached.

#### **7. CONSULTEES**

- Head of Planning
- Senior Strategy & Policy Officer, Housing & Communities
- Strong Communities Select (16 July 2015)
- Cabinet
- SLT
- Planning Committee (1 March 2016)
- Cabinet (2 March 2016): It was agreed at Cabinet to amend the recommendation as follows: 'To adopt the Affordable Housing SPG as SPG in connection with the Monmouthshire LDP to take effect from 1 April 2016. In respect to commuted



sums for off-site affordable housing provision, these would apply to planning applications registered as valid on or after 1 April 2016.'

**8. BACKGROUND PAPERS:**

- Monmouthshire Adopted LDP (February 2014)

**9. AUTHOR & 9. CONTACT DETAILS:**

Martin Davies (Planning Policy Manager).

Tel: 01633 644826.

E Mail: [martindavies@monmouthshire.gov.uk](mailto:martindavies@monmouthshire.gov.uk)

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## Future Generations Evaluation ( includes Equalities and Sustainability Impact Assessments)

<p><b>Name of the Officer</b> completing the evaluation Martin Davies</p> <p><b>Phone no:</b> 01633 644826 <b>E-mail:</b> martin.davies33@btinternet.com</p>	<p><b>Please give a brief description of the aims of the proposal</b> The Local Development Plan (LDP), which was adopted on 27 February 2014, sets out the Council’s vision and objectives for the development and use of land in Monmouthshire, together with the policies and proposals to implement them over the ten year period to 2021. Supplementary Planning Guidance (SPG) sets out guidance on the way in which the policies of the LDP will be applied. The Affordable Housing SPG specifically sets out guidance to support LDP Policies S4 and H7.</p>
<p><b>Name of Service</b> Planning Policy</p>	<p><b>Date Future Generations Evaluation</b> form completed 15/11/15</p>

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1. **Does your proposal deliver any of the well-being goals below?** Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal.


Well Being Goal	How does the proposal contribute to this goal? (positive and negative)	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<p><b>A prosperous Wales</b> Efficient use of resources, skilled, educated people, generates wealth, provides jobs</p>	<p><b>Positive contribution:</b> Promoting affordable housing assists in achieving overall prosperity of communities and their residents.</p> <p><b>Negative contribution:</b> None. The development industry could be adversely affected if affordable housing requirements were excessive but the affordable housing policy has been established</p>	<p><b>Better contribute to positive impacts:</b> Ensure that the policies set out in the SPG are implemented fully and that their effectiveness is monitored on an annual basis</p> <p><b>Mitigate any negative impacts:</b> The affordable housing requirements are subject to appropriate viability testing as set out in LDP Policy S4. Care</p>




Well Being Goal	How does the proposal contribute to this goal? (positive and negative)	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
	following extensive viability testing to ensure that the viability of development is not adversely affected.	will be taken therefore to ensure that the viability of development is not adversely affected.
<p><b>A resilient Wales</b>  Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)</p>	<p><b>Negative contribution:</b> (a) There will be some general environmental impact from housing development through loss of green fields, encroachment on the countryside etc.</p> <p>(b) A limited number of allocated housing sites are located in rural areas where there is limited public transport and likely to be reliant on the use of the private car.</p>	<p><b>Mitigate any negative impacts:</b> (a) It will be ensured that biodiversity, landscape interests etc. are appropriately considered in assessing any planning application and that good standards of design, landscaping etc. are achieved.</p> <p>(b) The LDP policies themselves limit the potential negative impacts by including strict limits on the number of houses allowable in rural villages. This avoids excessive unsustainable travel patterns. The car usage likely to result from the rural allocations policy is considered to be justified because the primary aim of this policy is to provide affordable housing to enable local people in rural areas to remain in their communities.</p>
<p><b>A healthier Wales</b>  People's physical and mental wellbeing is maximized and health impacts are understood</p>	<p><b>Positive contribution:</b> Providing appropriate housing can assist in promoting good health, independence and well-being and in bringing forward additional units of housing to meet the specific housing needs of vulnerable groups.</p> <p><b>Negative contribution:</b> None</p>	<p><b>Better contribute to positive impacts:</b> Ensure that the policies set out in the SPG are implemented fully and that their effectiveness is monitored on an annual basis</p>
<p><b>A Wales of cohesive communities</b>  Communities are attractive, viable, safe and well connected</p>	<p><b>Positive contribution:</b> Affordable housing makes an important contribution to the sustainability and cohesiveness of our towns and villages by</p>	<p><b>Better contribute to positive impacts:</b> Ensure that the policies set out in the SPG are implemented fully and that their effectiveness is monitored on an</p>


Well Being Goal	How does the proposal contribute to this goal? (positive and negative)	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
	<p>providing homes that local people on low incomes can afford to live in.</p> <p><b>Negative contribution:</b> None</p>	annual basis
<p><b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing</p>	<p>The SPG supports the implementation of the Affordable Housing policies of the LDP, which has been subject to a Sustainability Appraisal and Strategic Environmental Assessment to ensure that social, economic and environmental objectives are met, thereby contributing to sustainable development and global well-being.</p>	<p>Ensure that any LDP revision is subject to appropriate Sustainability Appraisal and Strategic Environmental Assessment testing.</p>
<p><b>Thriving Wales of vibrant culture and thriving Welsh language</b> Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation</p>	<p>The SPG has a neutral impact on culture, heritage and language, although in general terms affordable housing makes an important contribution to the sustainability and cohesiveness of our towns and villages by providing homes that local people on low incomes can afford to live in.</p>	N/A
<p><b>A more equal Wales</b> People can fulfil their potential no matter what their background or circumstances</p>	<p><b>Positive Contribution:</b> The Affordable Housing SPG should bring positive benefits to Monmouthshire's residents, particularly through increasing the supply of affordable housing in the County. Affordable housing makes an important contribution to the sustainability of our towns and villages by providing homes that local people on low incomes can afford to live in. It also a means of providing low cost homes for first time buyers. A commuted sum also has the potential to bring</p>	<p>Ensure that the policies set out in the SPG are implemented fully and that their effectiveness is monitored on an annual basis</p>

Well Being Goal	How does the proposal contribute to this goal? (positive and negative)	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
	<p>forward additional units of housing to meet the specific housing needs of vulnerable groups. Affordable Housing policies and residential site allocation policies, as with all LDP policies, have been subject to a Sustainability Appraisal that measures their performance against sustainability objectives.</p> <p><b>Negative contribution:</b> None</p>	

2. How has your proposal embedded and prioritised the sustainable governance principles in its development?

Sustainable Development Principle	How does your proposal demonstrate you have met this principle?	What has been done to better to meet this principle?
 <p>Balancing short term need with long term and planning for the future</p>	<p>The LDP covers the period 2011-21. The SPG supports the implementation of the LDP. By its nature, therefore, it cannot look beyond the next five year period but the SA/SEA of the LDP would have ensured consideration of the impact on future generations.</p> <p>The requirement for affordable housing seeks to balance the short term need for housing development and viability issues with the longer term need to create balanced and sustainable communities with an appropriate proportion of affordable housing.</p>	<p>Ensure that the LDP and its policies have been subject to SA/SEA.</p>

Sustainable Development Principle	How does your proposal demonstrate you have met this principle?	What has been done to better to meet this principle?
 <p>Working together with other partners to deliver objectives</p>	<p>The Draft SPG has been subject to a public consultation, targeted to those who are considered to have a specific interest in the topic but also including all town and community councils, notices in the press. Individuals and organisations currently on the LDP consultation data base have been given the opportunity to request to be notified of the SPG should they wish.</p>	<p>The SPG sets out broad policies that implement LDP policies and do not have specific local impacts in themselves. The housing allocations set out in the LDP, however, were subject to extensive community consultation including notifications to town and community councils and to residents living near the site, who then had the opportunity to make representations to the Council and also to an independent inspector who examined the LDP.</p>
 <p>Involving those with an interest and seeking their views</p>	<p>The Draft SPG has been subject to a public consultation, targeted to those who are considered to have a specific interest in the topic but also including all town and community councils, notices in the press. Individuals and organisations currently on the LDP consultation data base have been given the opportunity to request to be notified of the SPG should they wish.</p>	<p>The SPG sets out broad policies that implement LDP policies and do not have a specific local impacts in themselves. The housing allocations set out in the LDP, however, were subject to extensive community consultation including notifications to town and community councils and to residents living near the site, who then had the opportunity to make representations to the Council and also to an independent inspector who examined the LDP.</p> <p>The Development Industry, in particular, will be affected by the implementation the affordable housing policies and its observations have been addressed individually, as set out in the Report of Consultation and wherever possible and reasonable appropriate adjustments made.</p>
 <p>Putting resources into preventing problems occurring or getting worse</p>	<p>N/A</p>	<p>N/A</p>

Sustainable Development Principle	How does your proposal demonstrate you have met this principle?	What has been done to better to meet this principle?
 <p data-bbox="143 347 284 376">Integration</p> <p data-bbox="315 213 499 400">Positively impacting on people, economy and environment</p> <p data-bbox="109 408 483 437">and trying to benefit all three</p>	<p data-bbox="533 213 1330 320">The SPG supports the implementation of the LDP which has been subject to a Sustainability Assessment that balances the impacts on Social, Economic and Environmental factors.</p>	<p data-bbox="1352 213 2085 344">The SPG supports the implementation of the LDP which has been subject to a Sustainability Assessment that balances the impacts on Social, Economic and Environmental factors.</p>



**3. Are your proposals going to affect any people or groups of people with protected characteristics?** Please explain the impact, the evidence you have used and any action you are taking below.

<b>Protected Characteristics</b>	<b>Describe any positive impacts your proposal has on the protected characteristic</b>	<b>Describe any negative impacts your proposal has on the protected characteristic</b>	<b>What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?</b>
Age	See below	None	See below
Disability	See below	None	See below
Gender reassignment	See below	None	See below
Marriage or civil partnership	See below	None	See below
Race	See below	None	See below
Religion or Belief	See below	None	See below
Sex	See below	None	See below
Sexual Orientation	See below	None	See below
Welsh Language	See below	None	See below

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 290</p>	<p><b>Potential Positive Impact:</b> The Affordable Housing SPG should bring positive benefits to Monmouthshire's residents, particularly through increasing the supply of affordable housing in the County. Affordable housing makes an important contribution to the sustainability of our towns and villages by providing homes that local people on low incomes can afford to live in. It also a means of providing low cost homes for first time buyers. A commuted sum also has the potential to bring forward additional units of housing to meet the specific housing needs of vulnerable groups.</p> <p>Affordable Housing policies and residential site allocation policies, as with all LDP policies, have been subject to a Sustainability Appraisal that measures their performance against sustainability objectives.</p>		<p>Ensure that the policies set out in the SPG are implemented fully and that their effectiveness is monitored on an annual basis</p>

4. Council has agreed the need to consider the impact its decisions has on important responsibilities of Corporate Parenting and safeguarding. Are your proposals going to affect either of these responsibilities? For more information please see the guidance <http://hub/corporatedocs/Democratic%20Services/Safeguarding%20Guidance.docx> and for more on Monmouthshire's Corporate Parenting Strategy see <http://hub/corporatedocs/SitePages/Corporate%20Parenting%20Strategy.aspx>

	Describe any positive impacts your proposal has on safeguarding and corporate parenting	Describe any negative impacts your proposal has on safeguarding and corporate parenting	What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?
Safeguarding	N/A	N/A	N/A
Corporate Parenting	N/A	N/A	N/A

5. What evidence and data has informed the development of your proposal?

An extensive evidence base was established to support the LDP.  
 The evidence included a number of studies that have informed the LDP affordable housing policies. The LDP has been subject to a Sustainability Appraisal/Strategic Environmental Assessment at every main stage.  
 More recently the viability implications of the Affordable Housing policies set out in the LDP and SPG have been subject to testing in the following reports:

- Monmouthshire County Council CIL Viability Assessment – Viability Evidence for Development of a Community Infrastructure Levy Charging Schedule (Three Dragons with Peter Brett Associates, July 2014)
- Monmouthshire County Council CIL Viability Assessment - Updated Viability Evidence for Development of a Community Infrastructure Levy Charging Schedule (Three Dragons, December 2015).

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**6. SUMMARY: As a result of completing this form, what are the main positive and negative impacts of your proposal, how have they informed/changed the development of the proposal so far and what will you be doing in future?**

The positive impact of this proposal is that affordable housing makes an important contribution to the sustainability and cohesiveness of our towns and villages by providing homes that local people on low incomes can afford to live in.

Potentially there may be some negative sustainability impacts particularly in rural areas, where there will be increased car use and effects on landscape etc. but in terms of achieving a balance between social, economic and environmental sustainability objectives these impacts are considered to be justified because the the primary aim of this policy is to provide affordable housing to enable local people in rural areas to remain in their communities.

**7. Actions. As a result of completing this form are there any further actions you will be undertaking? Please detail them below, if applicable. N/A**

What are you going to do	When are you going to do it?	Who is responsible	Progress
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**8. Monitoring: The impacts of this proposal will need to be monitored and reviewed. Please specify the date at which you will evaluate the impact, and where you will report the results of the review.**

<b>The impacts of this proposal will be evaluated on:</b>	A regular basis in the LDP Annual Monitoring Report, which will be made to Council, Welsh Government and be publicly available.
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## APPENDIX A

<b>SUBJECT: MONMOUTHSHIRE LOCAL DEVELOPMENT PLAN AFFORDABLE HOUSING SUPPLEMENTARY PLANNING GUIDANCE</b>
<b>MEETING: FULL COUNCIL</b>
<b>DATE: 18 DECEMBER 2014</b>
<b>DIVISION/WARDS AFFECTED: ALL</b>

**1. PURPOSE:**

- 1.1 The purpose of this report is to seek Council's endorsement of Draft Supplementary Planning Guidance (SPG) on Affordable Housing to support the policies of the Monmouthshire Local Development Plan (LDP), with a view to issuing for consultation purposes.

**2. RECOMMENDATIONS:**

- 2.1 Council endorse the Draft Affordable Housing SPG with a view to issuing for consultation purposes.

**3. KEY ISSUES:****3.1 Background**

The Monmouthshire County Council LDP 2011-2021 was adopted on 27 February 2014, superseding the Monmouthshire Unitary Development Plan (UDP), to become the adopted development plan for the County (excluding that part within the Brecon Beacons National Park). The LDP contains sufficient policies and proposals to provide the basis for deciding planning applications, and for determining conditions to be attached to planning permissions, but it was necessary to ensure that it avoided excessive detail. Selective use of SPG is a means of setting out more detailed thematic or site specific guidance on the way in which the policies of an LDP will be applied in particular circumstances or areas.

- 3.2 LDP Wales (2005) at paragraph 5.2 states that:

*'SPG does not form a part of the development plan but must be consistent with it. It may take the form of site specific guidance such as master plans, design guides or area development briefs, or thematic such as shopfront guidance or detailed car parking standards. It should be clearly cross-referenced to the relevant adopted plan policy or proposal, which it supplements, and may be issued separately from the plan. It should be made publicly available and its status made clear.'*

- 3.3 Paragraph 5.3 of LDP Wales further emphasises that SPG can be a material consideration in the determination of planning applications, provided that appropriate consultation has been undertaken and that it has been approved in accordance with the Council's decision making process:

*'While only the policies in the development plan have special status under section 38(6) of the 2004 Act in deciding planning applications, SPG may be taken into account as a material consideration. SPG should be prepared in accordance with an authority's CIS [Community Involvement Scheme]; consultation should involve the general public, businesses, and other interested parties and their views should be taken into account before the SPG is finalised. It should then be approved by a Council resolution. A statement of the consultation undertaken, the representations received and the authority's response to those representations should be made*

*available with the approved SPG, either in an annex or in a separate document. In making decisions on matters that come before it, the Assembly Government and the Planning Inspectorate will give substantial weight to approved SPG which derives out of and is consistent with the development plan, and has been prepared consistent with the above advice.'*

- 3.4 A programme for the preparation of SPG was endorsed by Planning Committee on 7 October 2014 and by Individual Cabinet Member decision on 22 October 2014
- 3.5 There is a need for Affordable Housing SPG as it has significant policy and/or financial implications for the implementation of the LDP. A number of allocated LDP sites are coming forward in the planning application process. The absence of adopted SPG does not prevent the Council achieving the required percentages of affordable housing as set out in LDP Policy S4 but it is obviously beneficial if appropriate guidance is provided to assist in the process. This is particularly advantageous in the case of rural housing allocations, which are covered by a new policy requiring them to provide 60% affordable housing, although, again, there has been a substantial amount of interest in a number of these sites, which to date are being progressed through pre-application discussions. A further new policy initiative in relation to affordable housing is that developments that fall below the threshold at which affordable housing is required on site are now required to make a financial contribution towards affordable housing provision in the locality. This is a matter that does require adopted SPG as it would be unreasonable to introduce this provision without appropriate consultation and a formal decision of the Council.
- 3.6 The Draft Affordable Housing SPG is attached to this report as an Appendix. The SPG provides background information on affordable housing issues, including national planning policy, the need for affordable housing in Monmouthshire, the planning application and negotiation process and LDP monitoring and targets. The main body of the SPG (Section 4) addresses seven types of situation where it is considered that further clarification is required:
- A) Where the affordable housing threshold of 5 or more is applicable, i.e. in Main Towns, Rural Secondary Settlements and Severnside Settlements.
  - B) Where the affordable housing threshold is not met and financial contributions are required.
  - C) Sites allocated in Main Villages under LDP Policy SAH11 with the specific purpose of providing 60% affordable housing.
  - D) Other sites in Main Villages.
  - E) Minor Villages.
  - F) Conversions and sub-divisions in the open countryside.
  - G) Departure applications in the open countryside.

A further policy area that requires explanation is the Affordable Housing Rural Exceptions policy (LDP Policy H7). A substantial part of the SPG (Section 6) also sets out the mechanisms that will be used to deliver affordable housing.

- 3.7 The SPG has been written with Housing & Communities, Senior Strategy and Policy Officer, with the assistance of the Rural Housing Enabler for Monmouthshire.

### 3.7 Next steps

- 3.7.1 As referred to in paragraph 3.3 above, for SPG to be given weight in the consideration of planning applications, appropriate consultation needs to be undertaken and any comments received should be taken into account in the Council's decision making process. Following a resolution to consult, targeted notifications will be sent to those considered to have an interest in the SPG topic, although all town and community councils will be consulted and notices will be placed in the press. Individuals and

organisations currently on the LDP consultation data base have been given the opportunity to request to be notified on some or all SPGs that they are interested in. All consultation replies will be analysed and responses/amendments reported for Members' consideration when seeking a resolution for the adoption of any SPG document.

#### **4. REASONS:**

4.1 Under the Planning Act (2004) and associated Regulations, all local planning authorities are required to produce a LDP. The Monmouthshire LDP was adopted on 27 February 2014 and decisions on planning applications are now being taken in accordance with policies and proposals in the LDP. The Affordable Housing SPG provides further explanation and guidance on the way in which the affordable housing policies of the LDP will be implemented.

#### **5. RESOURCE IMPLICATIONS:**

5.1 Officer time and costs associated with the preparation of the SPG document and carrying out the required consultation exercises. These will be within the existing Development Plans budget and carried out by existing staff.

5.2 A new funding stream will arise from processes introduced in association with the Affordable Housing SPG. LDP Policy S4, Affordable Housing, makes provision for financial contributions to be required to assist in funding affordable housing in the County where residential developments do not meet the thresholds for providing such housing on site. In addition, a process is set out in the SPG for requiring financial contributions in the exceptional circumstances where it is not appropriate or feasible to provide affordable housing on site.

#### **6. SUSTAINABLE DEVELOPMENT AND EQUALITY IMPLICATIONS:**

##### **6.1 Sustainable Development**

An integrated equality and sustainability impact assessment was carried out in connection with the Deposit LDP. Under the Planning Act (2004), the LDP was required, in any event, to be subject to a Sustainability Appraisal (SA). The role of the SA was to assess the extent to which the emerging planning policies would help to achieve the wider environmental, economic and social objectives of the LDP. The LPA also produced a Strategic Environmental Assessment (SEA) in accordance with the European Strategic Environment Assessment Directive 2001/42/EC; requiring the '*environmental assessment*' of certain plans and programmes prepared by local authorities, including LDP's. All stages of the LDP were subject to a SA/SEA, therefore, and the findings of the SA/SEA were used to inform the development of the LDP policies and site allocations in order to ensure that the LDP would be promoting sustainable development. This SPG is expanding and providing guidance on existing LDP affordable housing policies, which were prepared within a framework promoting sustainable development. In addition, affordable housing makes an important contribution to the sustainability of our towns and villages by providing homes that local people on low incomes can afford to live in. It also a means of providing low cost homes for first time buyers. A commuted sum also has the potential to bring forward additional units of housing to meet the specific housing needs of vulnerable groups.

##### **6.2 Equality**

6.2.1 The LDP was also subjected to an Equality Challenge process and due consideration given to the issues raised. As with the sustainable development implications considered above, the SPG is expanding and providing guidance on these existing LDP affordable housing policies, which were prepared within this framework. New SPG will be subject to Equality Impact Assessments to ensure that informed decisions

can be made. Where practicable and appropriate, consultation will include targeted involvement of those with the relevant protected characteristics.

6.2.2 Assessments of Equality Impact will be required throughout the Plan's implementation wherever there is likely to be significant impact. In this respect, the LDP will be subject to an Annual Monitoring Report that will include consideration of Equality Impacts.

**7. CONSULTEES**

- Strong Communities Select
- Planning Committee
- SLT
- Cabinet

**7. BACKGROUND PAPERS:**

- Monmouthshire Adopted LDP (February 2014)

**8. AUTHOR & 9. CONTACT DETAILS:**

Martin Davies (Development Plans Manager).

**Tel:** 01633 644826.

**E Mail:** [martindavies@monmouthshire.gov.uk](mailto:martindavies@monmouthshire.gov.uk)



**Draft Supplementary Planning Guidance  
Monmouthshire County Council Local Development Plan  
Affordable Housing  
Report of Consultation - January 2016**

Respondent Number	79	Representation Number	1
Respondent Name	Mr & Mrs Roach		
Respondent Organisation	Trustees of the late Mrs H M Langham		
Summary of Representation	<p>Question section C of paragraph 4.4 noting that villages are different in many respects and that generalisations should not be made in terms of their sustainability and capacity to absorb development. Affordable housing is needed in rural areas but not necessarily at higher rates than elsewhere. Market housing may also be needed in villages, e.g. for downsizing. Maximum of 15 dwellings does not offer flexibility. Those settlements that can sustain larger developments should not be restricted to 15 dwellings.</p>		
Requested Change	No specific change requested, as above.		
LPA Response	<p>Noted, the comments made relate to the policies set out within the LDP and not the SPG itself. The LDP Policies were adopted in February 2014 and as a consequence cannot be changed. The points raised are not issues that are relevant to consideration of the SPG but question the policies themselves which would be matters for any LDP review. The 60% affordable housing requirement on allocated sites in rural villages is not negotiable and this is set out in Policy S4 which requires 'at least' 60% to be affordable. The sole purpose for allocating these sites is to provide affordable housing for local people in rural areas. Without the provision of 60% affordable housing there is no justification for releasing these sites and anticipated land values should reflect this accordingly.</p>		
Recommendation	No change necessary.		

Respondent Number	79	Representation Number	2
Respondent Name	Mr & Mrs Roach		
Respondent Organisation	Trustees of the late Mrs H M Langham		
Summary of Representation	<p>Note that whilst the claim in sub-paragraph 6 of paragraph 4.4 (c) that the 60% affordable requirement will still provide land values sufficient to bring sites forward may be theoretically true it has not been in practice in relation to the allocated Mathern site. Developers are discouraged as the site is too small and is not a commercially viable proposition as they consider the 60% ratio of affordable housing prohibitive. Suggest a larger allocation would cause no disruption to Mathern or change the character of the settlement. The 60% affordable home requirement is too prohibitive.</p>		
Requested Change	No specific change requested, as above.		
LPA Response	<p>Noted, the comments made relate to a specific site allocation within the LDP. The LDP Policies and Proposals Map were adopted in February 2014 and as a consequence cannot be changed. The points raised are not issues that are relevant to consideration of the SPG but question the policies themselves which would be matters for any LDP review. The 60% affordable housing requirement on allocated sites in rural villages is not negotiable and this is set out in Policy S4 which requires 'at least' 60% to be affordable. The sole purpose for allocating these sites is to provide affordable housing for local people in rural areas. Without the provision of 60% affordable housing there is no justification for releasing these sites and anticipated land values should reflect this accordingly.</p>		
Recommendation	No change necessary.		

Respondent Number	80	Representation Number	1
Respondent Name	Rachael Bust		
Respondent Organisation	The Coal Authority		
Summary of Representation	No specific comments to make.		
Requested Change	No change requested.		
LPA Response	Comment noted.		
Recommendation	No change necessary.		

Respondent Number	165	Representation Number	1
Respondent Name	Tim Gent (Savills)		
Respondent Organisation	Mabey Bridge		
Summary of Representation	<p>Definitions are used in the SPG that come from a number of sources, need to move away from conventional and narrow views of what qualifies as affordable housing. Recommend the SPG retains a flexible and open mind to what can or might qualify as affordable housing in the County. Suggest the list is extended to refer to other forms of housing which may over time qualify as affordable housing including affordable rent models and simple discounted sale properties which may be particularly appropriate for Monmouthshire.</p>		
Requested Change	As noted above.		
LPA Response	<p>It is considered that the Council needs to follow the definitions in TAN2, which sets out affordable housing policies for Wales, notwithstanding that other approaches may be acceptable under English planning policy. In any event, the greatest need for affordable housing in Monmouthshire if people on the housing waiting list are to be accommodated is for housing for social rent. Provision of tenure neutral housing as set out in the SPG provides the flexibility to also achieve Low Cost Home Ownership. The approaches suggested by the representor are not considered to be appropriate for Monmouthshire as they will not be meeting the Council's housing need.</p>		
Recommendation	No change.		

Respondent Number	165	Representation Number	2
Respondent Name	Tim Gent (Savills)		
Respondent Organisation	Mabey Bridge		
Summary of Representation	The use of general site densities to calculate default housing quotas for sites needs to be treated with caution, there may be reasons why some sites deliver lower or higher numbers, a fixed flat rate/general rule is not appropriate.		
Requested Change	No specific change requested.		
LPA Response	The point made by the representor is accepted. It is recognised that it would be unreasonable to require a higher percentage of affordable housing than that set out in LDP Policy S4 if there were good reasons to justify a development not achieving 30 dwellings per hectare. Policy S4, however, does require that the capacity of a development site will be based on an achievable density of 30 dwellings per hectare. This figure will still be used to establish whether or not a development achieves the threshold that requires affordable housing to be provided on site. It is accepted, however, that the percentage of affordable housing required should be based on the 'agreed' capacity of the site rather than the 'theoretical' capacity of 30 dph.		
Recommendation	<p>Amend the relevant paragraphs of the SPG as follows:</p> <p>If the capacity of the site is 5 or more dwellings then the affordable housing required to be provided on site is calculated at 35% in Main Towns and Rural Secondary Settlements and 25% in Severnside settlements.</p> <p>Should the development not be achieving 30 dwellings per hectare and it is considered that there is not a material non-compliance with Policy DES1 i) then the affordable housing requirement should be calculated on the agreed capacity of the site.</p> <p>In determining how many affordable houses should be provided on a development site, the figure resulting from applying the proportion required to the total number of dwellings will be rounded to the nearest whole number (where half rounds up.)</p>		

Respondent Number	165	Representation Number	3
Respondent Name	Tim Gent (Savills)		
Respondent Organisation	Mabey Bridge		
Summary of Representation	Welcome the bullet points relating to viability at the top of page 10. They reflect the need for sites to be treated as individual projects which will be charged with meeting multiple planning objectives. The paragraph focuses on the percentage of affordable housing that will need to be considered in this assessment of viability. The type of homes proposed and price at which they are transferred could be just as important in some cases.		
Requested Change	No specific change requested.		
LPA Response	Comment noted.		
Recommendation	No change.		

Respondent Number	165	Representation Number	4
Respondent Name	Tim Gent (Savills)		
Respondent Organisation	Mabey Bridge		
Summary of Representation	The preference for pepper potting is understandable but should be tempered. Provision should be made for different approaches to distribution.		
Requested Change	No specific change requested.		
LPA Response	It is considered that the principle of 'pepper-potting' is an important one. Nevertheless, there would be scope for flexibility in negotiating over design and layout if a developer argued a special justification. It is also recognised that the limit of 10 dwellings on a cluster of affordable homes may be overly restrictive and inflexible, particularly on a large scale development. It is recommended, therefore, that this figure be increased to 15.		
Recommendation	Amend the second sentence in the paragraph on Layout and Design in Section 4.4A to read  Properties for affordable housing will normally be in clusters of 6-15 units, depending on the overall size of the development.		

Respondent Number	165	Representation Number	5
Respondent Name	Tim Gent (Savills)		
Respondent Organisation	Mabey Bridge		
Summary of Representation	The definitions of affordable housing listed in Section 6 should be left a little open ended to allow other forms of housing to qualify in order to help provide people in need into new homes.		
Requested Change	As noted above.		
LPA Response	It is considered that the Council needs to follow the definitions in TAN2, which sets out affordable housing policies for Wales, notwithstanding that other approaches may be acceptable under English planning policy. In any event, the greatest need for affordable housing in Monmouthshire if people on the housing waiting list are to be accommodated is for housing for social rent. Provision of tenure neutral housing as set out in the SPG provides the flexibility to also achieve Low Cost Home Ownership. The approaches suggested by the representor are not considered to be appropriate for Monmouthshire as they will not be meeting the Council's housing need.		
Recommendation	No change.		

Respondent Number	165	Representation Number	6
Respondent Name	Tim Gent (Savills)		
Respondent Organisation	Mabey Bridge		
Summary of Representation	<p>Concern with the requirement to build all affordable homes to DQR standard as this significantly increases the cost of provision and can reduce the amount of affordable housing a site can provide. Affordable homes could cover a larger area of the site and leaving less land for value generating development. Differentiation sits uneasily with a requirement for equality and similarity between affordable and market housing made elsewhere in the SPG. The DQR standard could remain as the objective/starting point but should not be enforced at all costs for all affordable housing.</p>		
Requested Change	No specific change requested.		
LPA Response	<p>It is considered essential that DQR is achieved on neutral tenure properties (which is what the Council requires to meet its housing need) to achieve appropriate design, space standards and quality of new homes. Just because an affordable home is larger than a market home does not mean that it cannot be indistinguishable in terms of its external appearance, such as materials and elevational treatment. Should developers be able to demonstrate that the requirement for DQR would have an adverse impact on viability then the percentage affordable housing requirement can be renegotiated (as allowed for in LDP Policy S4, which states that the 35% and 25% requirements are 'subject to appropriate viability assessment').</p>		
Recommendation	No change.		

Respondent Number	165	Representation Number	7
Respondent Name	Tim Gent (Savills)		
Respondent Organisation	Mabey Bridge		
Summary of Representation	<p>The 42% level of ACG proposed has the potential to cancel out substantial value with the price secured for the property failing to cover basic costs resulting in a double deduction - with one coming from less income generated from the whole development to pay for opening up and the second being an actual loss on the build of affordable accommodation. Recent examples from within the County indicate that a more flexible approach to %ACG is necessary and acceptable, starting at a relatively low level for social rented but then increasing for Low Cost Home Ownership and increase again for intermediate properties. Cannot see the justification for a figure of 42% and suggest the SPG should not identify a single figure. Flexibility is vital if sites are to deliver affordable housing. Sites such as Fairfield Mabey require a flexible approach. Suggest the maximum/minimum ACG % figures are removed or a more explicit reference is provided to these rates in the two bullet points at the top of page 10.</p>		
Requested Change	As noted above.		
LPA Response	<p>The greatest need for affordable housing in Monmouthshire if people on the housing waiting list are to be accommodated is for housing for social rent. The maximum that an RSL can afford to pay based on the rental income they would receive from the properties is 42% of Welsh Government Acceptable Cost Guidance (ACG). Whilst the developer would receive a higher percentage of ACG for Intermediate Rent, this would not be meeting housing need in Monmouthshire. It is considered essential that the 42% of ACG transfer rate remains in order to meet housing need in Monmouthshire. Should developers be able to demonstrate that this would have an adverse impact on viability then the percentage affordable housing requirement can be renegotiated (as allowed for in LDP Policy S4, which states that the 35% and 25% requirements are 'subject to appropriate viability assessment'). Further text will be added to paragraph 6.3.5 (new paragraph 5.3.4) to provide justification for the 42% transfer rate.</p>		
Recommendation	<p>Amend paragraph 6.3.5 (new number 5.3.4) to read:</p> <p>5.3.4 The financial arrangements for the transfer of completed affordable housing units from the developer to the RSL are to be calculated using the current Acceptable Cost Guidance rates published by the Welsh Government's Housing Directorate. The percentage that the RSL can afford to pay, based on the rental income they would receive for the properties, is 42% of ACG. This leaves the landowner/developer to fund the 58% which in the past would have been covered by Social Housing Grant. The developer will then be expected to sell the properties to the RSL at this percentage rate. (This percentage rate does not apply to units delivered under Policy SAH11).</p>		



Respondent Number	165	Representation Number	8
Respondent Name	Tim Gent (Savills)		
Respondent Organisation	Mabey Bridge		
Summary of Representation	Recommend the list of RSLs is removed or extended and is not imposed by the Council as suggested. This is at odds with national planning policy guidance.		
Requested Change	As noted above.		
LPA Response	It is accepted that the Council cannot insist that a developer works with a specific RSL. There are sound reasons, however, for the Council's preference for working with the RSLs that are zoned for Monmouthshire. It is recommended therefore that paragraph 6.3.4 is deleted but that it is replaced by a more neutral wording. Paragraph 6.9 should also be amended for clarity.		
Recommendation	<p>Replace paragraph 6.3.4 (new number 5.6.3) with the following:</p> <p>The Council has a long term commissioning partnership with RSLs to secure the strategic provision of all types of housing accommodation. This covers minimum standards of service in management terms, allocation of Social Housing Grant, specialisms of the Housing Associations and the long-term allocation of housing sites. The Council's preference is for developers to work with RSLs zoned by the Welsh Government for developing in Monmouthshire and it will normally allocate each site to its preferred RSL on the basis of the RSL's development capacity, other properties in the area, rental levels and other relevant issues. Should there be a need for specialist/purpose built disabled housing, for example, and an element of social housing grant was required the Council would only be able to allocate grant to a zoned RSL.</p> <p>Amend paragraph 6.9 (new paragraph 5.12) to read:</p> <p>There are currently three Registered Social Landlords zoned by the Welsh Government to operate within Monmouthshire. These are:</p> <p style="padding-left: 40px;">Melin Homes Monmouthshire Housing Association The Seren Group</p> <p>It should be noted that whilst these are the current zoned RSL partners in Monmouthshire, changing circumstances might result in the Council fostering different partnership links in the future and seeking approval from Welsh Government.</p>		

Respondent Number	165	Representation Number	9
Respondent Name	Tim Gent (Savills)		
Respondent Organisation	Mabey Bridge		
Summary of Representation	Recommend implications of neutral tenure are explained, it is difficult to predict or see what financial impact this could have.		
Requested Change	As noted above.		
LPA Response	Amendments are suggested to add some additional explanation to the requirements for neutral tenure. Any viability implications arising from this will be dealt with on a site by site basis. A definition of neutral tenure is provided in paragraph 6.2 Types of Affordable Housing.		
Recommendation	<p>Amend paragraph 6.3.5 (new number 5.3.4) to read:</p> <p>5.3.4 The financial arrangements for the transfer of completed affordable housing units from the developer to the RSL are to be calculated using the current Acceptable Cost Guidance rates published by the Welsh Government's Housing Directorate. The percentage that the RSL can afford to pay, based on the rental income they would receive for the properties, is 42% of ACG. This leaves the landowner/developer to fund the 58% which in the past would have been covered by Social Housing Grant. The developer will then be expected to sell the properties to the RSL at this percentage rate. (This percentage rate does not apply to units delivered under Policy SAH11).</p>		

Respondent Number	165	Representation Number	10
Respondent Name	Tim Gent (Savills)		
Respondent Organisation	Mabey Bridge		
Summary of Representation	Recommend provision is made for decisions on affordable housing in full context of what each site is expected to deliver and the other dividends that development will deliver.		
Requested Change	As noted above.		
LPA Response	Comment noted. Each development will be assessed on its merits on a site by site basis. LDP Policy S7 does state that affordable housing will be given priority over other planning obligation requirements, once the infrastructure necessary to bring the site forward has been taken into account.		
Recommendation	No change.		

Respondent Number	184	Representation Number	1
Respondent Name	Christopher Knock (Agent)		
Respondent Organisation	Llangibby Estate		
Summary of Representation	In main villages set out in Policy S1 for 3 or more dwellings, 60% affordable housing is too high and will restrict development.		
Requested Change	No specific change requested.		
LPA Response	Noted, the LDP Policies were adopted in February 2014 and as a consequence cannot be changed. The draft SPG does however contain a specific section (4.4 D) relating to other sites in Main Villages, particularly small infill plots. The 60% affordable housing requirement on allocated sites in rural villages is not negotiable and this is set out in Policy S4 which requires 'at least' 60% to be affordable. The sole purpose for allocating these sites is to provide affordable housing for local people in rural areas. Without the provision of 60% affordable housing there is no justification for releasing these sites and anticipated land values should reflect this accordingly.		
Recommendation	No change necessary.		

Respondent Number	1380	Representation Number	1
Respondent Name	Mrs Lynne Morgan		
Respondent Organisation			
Summary of Representation	Concerned by emphasis given to affordable housing by the Council. Suggests priority should be placed on infrastructure, schools, hospitals and roads to which problems will be exacerbated with increased housing. Notes funds should be directed to these areas in preference to social housing. Refers to traffic problems in Chepstow.		
Requested Change	No specific change requested.		
LPA Response	Comment noted. The provision of affordable housing is a major priority of the Council and as such it is important for documents such as the SPG to provide clear guidance on how LDP policies and the planning system can improve the supply of affordable housing for local people.		
Recommendation	No change necessary.		

Respondent Number	2030	Representation Number	1
Respondent Name	Mr G Howells		
Respondent Organisation			
Summary of Representation	Desperate Need for Social Housing, particularly 1 bed flats. Should be high priority particularly for under 35s.		
Requested Change	No change requested		
LPA Response	Comment noted.		
Recommendation	No change necessary.		

Respondent Number	2862	Representation Number	1
Respondent Name	Simon Tofts		
Respondent Organisation	Blue Cedar Homes		
Summary of Representation	Support the need to seek affordable housing from new developments but suggest off site contributions could be used as an alternative to on site provision in relation to developments that address needs such as retirement housing. State C3 Sheltered/Retirement Housing should be exempt from providing on site affordable housing as higher building costs and a longer selling period make retirement housing less viable than new homes in general. Purchasers are often 'downsizing' from large family homes. This frees up family housing needed by younger families.		
Requested Change	C3 sheltered/retirement housing should be explicitly exempt from providing on-site affordable housing.		
LPA Response	Paragraph 6.6 recognises that on-site provision of affordable homes can be difficult in sheltered retirement housing schemes because of management issues and puts forward the option of making off-site financial contributions for affordable housing. It is recognised that there are viability issues with sheltered housing schemes and it is suggested that an additional paragraph be added to acknowledge this.		
Recommendation	<p>Add new paragraph 5.7:</p> <p>It is recognised that some specialist housing schemes such as Sheltered Housing may be challenging to deliver and any affordable housing contribution would be subject to viability. Should it be necessary the Council will commission an independent viability assessment.</p>		

Respondent Number	2883	Representation Number	1
Respondent Name	Mark Harris		
Respondent Organisation	Home Builders Federation		
Summary of Representation	<p>In relation to small sites financial contribution further clarification is required on:</p> <p>(1.1) Residual Value calculation, has any account been taken on the different values achieved across the borough?</p> <p>(1.2) Details of when the financial contribution is to be paid is required. Suggest that if it is required upfront/prior to sale/occupation the contribution would have to be borrowed. Question whether a small scale builder could borrow at this stage of the development.</p> <p>(1.3) Details of how and on what the money will be spent is required to provide confidence and justification of its requirement.</p>		
Requested Change	Details required on when the contribution will be required and how it will be spent.		
LPA Response	<p>(1.1)The commuted sum calculator can be used for different value areas in Monmouthshire. It also allows the user to input scheme specific values if these are available.</p> <p>(1.2)Concerns regarding potential cash flow issues for small businesses are recognised. The Council is content to adopt a flexible approach in such circumstances. It is recommended that an additional paragraph be added to clarify this.</p> <p>(1.3) The money raised through affordable housing contributions will be spent in the housing market area in which the development is located. It is recommended that an additional paragraph be added to clarify this.</p>		
Recommendation	<p>Add the following paragraphs:</p> <p>Commuted sums will be liable to be paid on completion and occupation of a percentage of units on site. This is normally 70% but will be open to negotiation should viability considerations make that necessary.</p> <p>Commuted sums gathered by the Council will be used to deliver affordable housing in the Housing Market Area (HMA) from which they are collected. The map below shows the three HMAs in Monmouthshire.</p>		

Respondent Number	2883	Representation Number	2
Respondent Name	Mark Harris		
Respondent Organisation	Home Builders Federation		
Summary of Representation	<p>With reference to paragraph 6.3.4, flexibility should be allowed for provision on site for a developer to choose their preferred RSL partner particularly where no grant is involved. The LPA should not impose a RSL as this would be contrary to national guidance set out in TAN2. There should be flexibility to agree use of a non-zoned RSL with regard to specialist provision.</p>		
Requested Change	No specific change required.		
LPA Response	<p>It is accepted that the Council cannot insist that a developer works with a specific RSL. There are sound reasons, however, for the Council's preference for working with the RSLs that are zoned for Monmouthshire. It is recommended therefore that paragraph 6.3.4 is deleted but that it is replaced by a more neutral wording. Paragraph 6.9 should also be amended for clarity.</p>		
Recommendation	<p>Replace paragraph 6.3.4 (new number 5.3.3) with the following:</p> <p>The Council has a long term commissioning partnership with RSLs to secure the strategic provision of all types of housing accommodation. This covers minimum standards of service in management terms, allocation of Social Housing Grant, specialisms of the Housing Associations and the long-term allocation of housing sites. The Council's preference is for developers to work with RSLs zoned by the Welsh Government for developing in Monmouthshire and it will normally allocate each site to its preferred RSL on the basis of the RSLs development capacity, other properties in the area, rental levels and other relevant issues. Should there be a need for specialist/purpose built disabled housing, for example, and an element of social housing grant was required the Council would only be able to allocate grant to a zoned RSL.</p> <p>Amend paragraph 6.9 (new number 5.12) to read:</p> <p>There are currently three Registered Social Landlords zoned by the Welsh Government to operate within Monmouthshire. These are:</p> <p style="text-align: center;"> Melin Homes  Monmouthshire Housing Association  The Seren Group </p> <p>It should be noted that whilst these are the current zoned RSL partners in Monmouthshire, changing circumstances might result in the Council fostering different partnership links in the future and seeking approval from Welsh Government.</p>		

Respondent Number	2883	Representation Number	3
Respondent Name	Mark Harris		
Respondent Organisation	Home Builders Federation		
Summary of Representation	<p>Paragraph 4.4 (A) sub paragraph 2 stating 'check the site area and estimate the capacity of the site based on an assumed achievable density of 30 dwellings per hectare' should be changed. The site area should be based on net hectares and not gross hectares. Some flexibility should be considered around the 30dpha figure for example on heavily constrained or higher density brown field sites. Object to statement that 30dpha will be used for calculating affordable housing requirement where a development does not achieve this density, needs more flexibility.</p>		
Requested Change	<p>Suggest the wording be changed to 'Establish the net site area and calculate the capacity of the site based on an assumed achievable density of 30 dwellings per hectare'</p>		
LPA Response	<p>Subsequent paragraphs explain that the calculation will be based on net density, but it is agreed that that the amendment suggested by the representor would be helpful in providing further clarity.</p> <p>With regard to point regarding flexibility in determining affordable housing requirements rather than relying on the flat rate of 30 dph, it is recognised that it would be unreasonable to require a higher percentage of affordable housing than that set out in LDP Policy S4 if there were good reasons to justify a development not achieving 30 dwellings per hectare. Policy S4, however, does require that the capacity of a development site will be based on an achievable density of 30 dwellings per hectare. This figure will still be used to establish whether or not a development achieves the threshold that requires affordable housing to be provided on site. It is accepted, however, that the percentage of affordable housing required should be based on the 'agreed' capacity of the site rather than the 'theoretical' capacity.</p>		
Recommendation	<p>Amend the second paragraph of 4.4(A) to read:</p> <p>Establish the net site area and calculate the capacity of the site based on an assumed achievable density of 30 dwellings per hectare.</p> <p>Amend further paragraphs of Section 4.4(A) as follows:</p> <p>If the capacity of the site is 5 or more dwellings then the affordable housing required to be provided on site is calculated at 35% in Main Towns and Rural Secondary Settlements and 25% in Severnside settlements.</p> <p>Should the development not be achieving 30 dwellings per hectare and it is considered that there is not a material non-compliance with Policy DES1 i) then the affordable housing requirement should be calculated on the agreed capacity of the site.</p> <p>In determining how many affordable houses should be provided on a development site, the figure resulting from applying the proportion</p>		

required to the total number of dwellings will be rounded to the nearest whole number (where half rounds up.)

Respondent Number	2883	Representation Number	4
Respondent Name	Mark Harris		
Respondent Organisation	Home Builders Federation		
Summary of Representation	The section on viability testing needs to include advice on how an independent dispute resolution process would work where agreement cannot be reached, suggest wording that allows for a third party agreed by both sides.		
Requested Change	As noted above.		
LPA Response	If the Council has concerns regarding viability evidence submitted by developers it will appoint its own consultants to verify. It would be hoped that any disagreements could be resolved through negotiation and discussion. If the Council cannot accept the developer's figures then this could result in a refusal of a planning application and the matter could then be determined by a Planning Inspector on appeal. It is not considered appropriate to introduce a third party dispute resolution process.		
Recommendation	No change.		



Respondent Number	2883	Representation Number	5
Respondent Name	Mark Harris		
Respondent Organisation	Home Builders Federation		
Summary of Representation	<p>(1)Need clarity on what the financial contributions relate to in the model examples of calculations in 4.4 section B. It is not clear if the final calculation is per dwelling or per scheme. Taking the first example on page 11 the scheme without the affordable contribution would now make a profit of £82,000 of which £53,625 would now be the affordable contribution leaving a profit of £29,175 or £14,587 per property.</p> <p>(2)Seek clarification that the figures used are taken from information gathered from small house builders rather than national developers as it is the small house builders of below 5 units that will be affected by the calculation.</p>		
Requested Change	Further clarification sought as noted above.		
LPA Response	<p>(1)The contribution set out in the example is per scheme not per dwelling. The figures used by the representor are incorrect and based on a misunderstanding. The commuted sum calculator includes a developer return of 20% in its calculations. In the example this is 20% of the market value or £36,000 per market dwelling. It is accepted, however, that the wording of the examples is not clear and they will be re-written to try and avoid such misunderstanding. (The examples also reduce the amounts paid to the developer by 'on costs of 9%' This is an error and would not be applied in practice. In addition the Welsh Government Acceptable Cost Guidance figures have been updated. The examples, therefore, will be amended accordingly).</p> <p>(2)The developer return and marketing costs used are those agreed for the viability testing used to inform the affordable housing policy in the LDP. However, the calculator allows for variation in developer return and marketing costs if this can be justified by evidence.</p>		
Recommendation	The model examples to be amended to provide greater clarity, remove the reference to 'on-costs of 9%' and update the ACG figures.		

Respondent Number	2883	Representation Number	6
Respondent Name	Mark Harris		
Respondent Organisation	Home Builders Federation		
Summary of Representation	In relation to layout and design on page 10, question how the reference to 'pepper potting' would work in a flatted scheme, where preference would be to provide all in one block, or an area of a block served by its own core, to ease future management and transfer to a RSL.		
Requested Change	No specific change requested.		
LPA Response	This point is not considered to be applicable to Monmouthshire as the provision of large blocks of flats would not be appropriate as not in keeping with the rural nature of the County's rural towns. It is considered that the principle of 'pepper-potting' is an important one. Nevertheless, there would be scope for flexibility in negotiating over design and layout if a developer argued a special justification. It is also recognised that the limit of 10 dwellings on a cluster of affordable homes may be overly restrictive and inflexible, particularly on a large scale development. It is recommended, therefore, that this figure be increased to 15.		
Recommendation	<p>Amend the second sentence in the paragraph on Layout and Design in Section 4.4A to read</p> <p>Properties for affordable housing will normally be in clusters of 6-15 units, depending on the overall size of the development.</p>		

Respondent Number	2883	Representation Number	7
Respondent Name	Mark Harris		
Respondent Organisation	Home Builders Federation		
Summary of Representation	<p>(1)Suggest paragraph 6.3.1 contradicts 6.3 in relation to being built to DQR standard yet indistinguishable from private properties. Due to size differences and external layout requirements these will always look different to other private properties. It is understood that DQR compliance is only required if WG social housing grant is used in the scheme, suggest wording is amended to take account of this.</p> <p>(2)Para 6.3.2 says the same as 6.3.1 but states DQR only applies to social rented, need to clarify which paragraph is correct .</p>		
Requested Change	As noted above.		
LPA Response	<p>(1)It accepted that it is not a WG requirement to achieve its Design Quality Standard (DQR) if social housing grant is not being used. It is considered essential, however, that DQR is achieved on neutral tenure properties to achieve appropriate design, space standards and quality of new homes. Just because an affordable home is larger than a market home this does not mean that it cannot be indistinguishable in terms of its external appearance, such as materials and elevational treatment.</p> <p>(2) It is recognised that the way in which the draft SPG is written has potential for causing confusion, which appears to be the case in relation to this part of the representation. Paragraph 6.3.2 only deals with rural housing sites allocated under Policy SAH11. It is proposed, therefore, to re-write this section of the SPG to deal with SAH11 affordable housing under a separate heading. All general affordable housing will be required to be built to DQR standards and be neutral tenure. More flexibility will be offered in relation to SAH11 sites because of the more difficult viability issues. If intermediate housing products are provided on SAH11 sites the standard of construction would not necessarily be DQR but would be negotiated to a standard agreed by the Council and its RSL partners.</p>		
Recommendation	<p>Rearrange section 6 (new section 5) and add a new paragraph 5.10:</p> <p>5.10 Affordable housing delivered under Policy SAH11</p> <p>5.10.1 Affordable housing delivered under Policy SAH11 will be a mix of social rented units and intermediate housing depending on the local need identified by the Council. All units for social rent will be constructed to Welsh Government Design Quality Requirements, which includes Lifetime Homes. Intermediate housing will be constructed to a standard agreed by the Council and their RSL partners.</p> <p>5.10.2 Affordable housing delivered under Policy SAH11 will be transferred to the Council's preferred RSL at 38% of Welsh Government ACG for social rented units, 50% of ACG for low cost home ownership units and 60% of ACG for intermediate rent units.</p>		

Respondent Number	2883	Representation Number	8
Respondent Name	Mark Harris		
Respondent Organisation	Home Builders Federation		
Summary of Representation	<p>Paragraphs 6.3.5 and 6.3.6 specify different values at which different types of properties will be transferred to RSL, 42% is commonly used but other % figures are also used. There is no cost assigned to tenure neutral properties although paragraph 6.5 states this is the preferred choice. Question how this enables developers to take account of the cost of delivering affordable. Is it possible for the document to provide a cost for the tenure neutral option?</p>		
Requested Change	As noted above.		
LPA Response	<p>General affordable housing and Policy SAH11 affordable housing (rural village sites where the viability issues are more pressing because of the 60% requirement) are treated differently in terms of the quality standards required and the amounts paid to the developer. It is recognised that the way in which the draft SPG is written has potential for causing confusion, which appears to be the case in relation to this representation. It is proposed, therefore, to re-write this section of the SPG to deal with SAH11 affordable housing under a separate heading. All general affordable housing will be required to be built to DQR standards and be neutral tenure. Developers will then transfer the affordable housing to RSLs at 42% of Acceptable Cost Guidance. More flexibility will be offered in relation to SAH11 sites because of the more difficult viability issues.</p>		
Recommendation	<p>Rearrange section 6 (new section 5) and add a new paragraph 5.10:</p> <p>5.10 Affordable housing delivered under Policy SAH11</p> <p>5.10.1 Affordable housing delivered under Policy SAH11 will be a mix of social rented units and intermediate housing depending on the local need identified by the Council. All units for social rent will be constructed to Welsh Government Design Quality Requirements, which includes Lifetime Homes. Intermediate housing will be constructed to a standard agreed by the Council and their RSL partners.</p> <p>5.10.2 Affordable housing delivered under Policy SAH11 will be transferred to the Council's preferred RSL at 38% of Welsh Government ACG for social rented units, 50% of ACG for low cost home ownership units and 60% of ACG for intermediate rent units.</p>		

Respondent Number	2883	Representation Number	9
Respondent Name	Mark Harris		
Respondent Organisation	Home Builders Federation		
Summary of Representation	Paragraph 7.3 should refer to the fact that a unilateral undertaking may also be an option if only a monetary contribution is required.		
Requested Change	As noted above.		
LPA Response	Agreed		
Recommendation	<p>Add an additional sentence to the last paragraph of paragraph 7.3 (new paragraph 6.3)</p> <p>An unilateral undertaking may also be an option if only a monetary contribution is required. This is a simplified version of a planning agreement, which is relatively quick and straightforward to complete, and is entered into by the landowner and any other party with a legal interest in the development site.</p>		

Respondent Number	2883	Representation Number	10
Respondent Name	Mark Harris		
Respondent Organisation	Home Builders Federation		
Summary of Representation	<p>Agree with paragraph 7.2.2 and actually encourage the Council to declare this mix earlier in the process in order for the purchaser to agree a land value which accounts for the exact Councils affordable requirement prior to sale. This would reduce negotiations that often occur during s.106 stage. Some flexibility is still needed to take account of changes in the layout and mix of houses which may occur through the detailed planning stage.</p>		
Requested Change	No specific change requested.		
LPA Response	Comment noted. The viability implications of the required mix are recognised.		
Recommendation	No change.		

Respondent Number	2884	Representation Number	1
Respondent Name	Emyr Davies		
Respondent Organisation	Redrow Homes (South Wales) Ltd		
Summary of Representation	<p>Section 4.4A, fourth paragraph on page 9 states 'Should the development not be achieving 30 dwellings per hectare.... The affordable housing requirement should be based on the theoretical capacity of the site rather than the actual number of dwellings applied for'. Suggest this is not appropriate and is unnecessary as while 30dpha may be an average for new build in Monmouthshire every application has to be assessed on its merits and taking into account of the character and existing built form of an area for example. There appears to be no justification for deviating from agreeing a fixed percentage for affordable housing products on site. Applications cannot be assessed on what could theoretically be delivered on a site but only on what is actually proposed and on its merits.</p>		
Requested Change	No specific change requested.		
LPA Response	<p>The point made by the representor is accepted. It is recognised that it would be unreasonable to require a higher percentage of affordable housing than that set out in LDP Policy S4 if there were good reasons to justify a development not achieving 30 dwellings per hectare. Policy S4, however, does require that the capacity of a development site will be based on an achievable density of 30 dwellings per hectare. This figure will still be used to establish whether or not a development achieves the threshold that requires affordable housing to be provided on site. It is accepted, however, that the percentage of affordable housing required should be based on the 'agreed' capacity of the site rather than the 'theoretical' capacity.</p>		
Recommendation	<p>Amend the relevant paragraphs of the SPG as follows:</p> <p>If the capacity of the site is 5 or more dwellings then the affordable housing required to be provided on site is calculated at 35% in Main Towns and Rural Secondary Settlements and 25% in Severnside settlements.</p> <p>Should the development not be achieving 30 dwellings per hectare and it is considered that there is not a material non-compliance with Policy DES1 i) then the affordable housing requirement should be calculated on the agreed capacity of the site.</p> <p>In determining how many affordable houses should be provided on a development site, the figure resulting from applying the proportion required to the total number of dwellings will be rounded to the nearest whole number (where half rounds up.)</p>		

Respondent Number	2884	Representation Number	2
Respondent Name	Emyr Davies		
Respondent Organisation	Redrow Homes (South Wales) Ltd		
Summary of Representation	Refer to paragraph 6.3.4 'The Council will identify a preferred RSL to work in partnership with the developer' noting this is not considered reasonable and that if an RSL and a developer choose to work together to deliver what is required by a planning permission then this has to be acceptable.		
Requested Change	Suggest this paragraph is removed as it is clear elsewhere in the SPG in paragraph 6.9 of the Councils preferences to RSLs.		
LPA Response	It is accepted that the Council cannot insist that a developer works with a specific RSL. There are sound reasons, however, for the Council's preference for working with the RSLs that are zoned for Monmouthshire. It is recommended therefore that paragraph 6.3.4 is deleted but that it is replaced by a more neutral wording. Paragraph 6.9 should also be amended for clarity.		
Recommendation	<p>Replace paragraph 6.3.4 (new number 5.3.3) with the following:</p> <p>The Council has a long term commissioning partnership with RSLs to secure the strategic provision of all types of housing accommodation. This covers minimum standards of service in management terms, allocation of Social Housing Grant, specialisms of the Housing Associations and the long-term allocation of housing sites. The Council's preference is for developers to work with RSLs zoned by the Welsh Government for developing in Monmouthshire and it will normally allocate each site to its preferred RSL on the basis of the RSL's development capacity, other properties in the area, rental levels and other relevant issues. Should there be a need for specialist/purpose built disabled housing, for example, and an element of social housing grant was required the Council would only be able to allocate grant to a zoned RSL.</p> <p>Amend paragraph 6.9 (new number 5.12) to read:</p> <p>There are currently three Registered Social Landlords zoned by the Welsh Government to operate within Monmouthshire. These are:</p> <p style="text-align: center;">Melin Homes Monmouthshire Housing Association The Seren Group</p> <p>It should be noted that whilst these are the current zoned RSL partners in Monmouthshire, changing circumstances might result in the Council fostering different partnership links in the future and seeking approval from Welsh Government.</p>		

Respondent Number	2884	Representation Number	3
Respondent Name	Emyr Davies		
Respondent Organisation	Redrow Homes (South Wales) Ltd		
Summary of Representation	<p>In the flow chart (page 21) it would be useful to clarify under pre application discussions with the LPA that these will be of a multi-disciplinary nature. Representatives from other relevant departments would also be present and developers will not be expected just to set up pre application meetings solely to discuss affordable housing requirements and then other meetings to meet with other departments.</p>		
Requested Change	<p>Amend wording to provide clarity that pre application discussions will not necessarily be solely related to affordable housing.</p>		
LPA Response	<p>Agreed. The pre-application process can include other Council officers, e.g. highways, biodiversity, depending on the level of service requested.</p>		
Recommendation	<p>Amend first box in the flow chart on page 21 to clarify the pre-application process.</p>		



Respondent Number	2885	Representation Number	1
Respondent Name	Simon Coop (Nathanial Lichfield & Partners)		
Respondent Organisation	Bovis Homes		
Summary of Representation	<p>Section (A) of paragraph 4.4 relates to the minimum assumed density of 30dpha on the basis of the theoretical capacity of the site has implications in that the actual affordable housing requirement might be substantially above the 25% or 35% figures contained in Poicy S4. Understand the reasoning behind the assumed density of 30dpha though it might not be possible to achieve this level of development on all sites. If the Council is content it does not conflict with the requirements of DES1 the theoretical density should not be 30dpha for its assessment of affordable housing provision. The SPG does not provide any indication that the assumed development density of 30dpha will be applied in the event that a higher density can be achieved on site, rather it would be expected that the yield would be based upon the 'total number of dwellings on the site'. Suggest the approach is inconsistent that could have significant bearing on viability.</p>		
Requested Change	<p>Recommend the 4th paragraph of page 9 of the SPG be deleted and that the affordable housing requirement be based on the actual number of dwellings to be provided on site in every case where this is known. Underline the importance of ensuring that the requirements set out in Policy S4 are subject to an assessment of viability.</p>		
LPA Response	<p>The point made by the representor is accepted. It is recognised that it would be unreasonable to require a higher percentage of affordable housing than that set out in LDP Policy S4 if there were good reasons to justify a development not achieving 30 dwellings per hectare. Policy S4, however, does require that the capacity of a development site will be based on an achievable density of 30 dwellings per hectare. This figure will still be used to establish whether or not a development achieves the threshold that requires affordable housing to be provided on site. It is accepted, however, that the percentage of affordable housing required should be based on the 'agreed' capacity of the site rather than the 'theoretical' capacity.</p> <p>It is considered, however, that no change is required in relation to the necessity to be aware of viability issues as this is sufficiently covered in the SPG (e.g. the two bullet points at the top of page 10)</p>		
Recommendation	<p>Amend the relevant paragraphs of the SPG as follows:</p> <p>If the capacity of the site is 5 or more dwellings then the affordable housing required to be provided on site is calculated at 35% in Main Towns and Rural Secondary Settlements and 25% in Severnside settlements.</p> <p>Should the development not be achieving 30 dwellings per hectare and it is considered that there is not a material non-compliance with Policy DES1 i) then the affordable housing requirement should be calculated on the agreed capacity of the site.</p> <p>In determining how many affordable houses should be provided on a</p>		

development site, the figure resulting from applying the proportion required to the total number of dwellings will be rounded to the nearest whole number (where half rounds up.)

Respondent Number	2885	Representation Number	2
Respondent Name	Simon Coop (Nathaniel Lichfield & Partners)		
Respondent Organisation	Bovis Homes		
Summary of Representation	<p>Section (B) of paragraph 4.4 provides guidance on financial contributions for affordable housing on small sites. This raises a number of viability issues that do not appear to have been fully addressed in the SPG. No indication is provided of when the financial contribution would be required, it is assumed this would be prior to the completion and sale of the open market properties which would create cashflow issues. Evidence of the Council's viability assessment should be provided so the impact can be fully understood. Concerned the implications of this may reduce the potential for small sites to come forward and for small scale developers to work in Monmouthshire, increasing the burden on larger developments to meet the identified need for affordable housing in the County. There is no evidence that the viability position would be any better for small scale builders.</p>		
Requested Change	No change requested, evidence should however be provided of the Council's viability assessment.		
LPA Response	Concerns regarding potential cash flow issues for small businesses are recognised. The Council is content to adopt a flexible approach in such circumstances. It is recommended that an additional paragraph be added to clarify this.		
Recommendation	<p>Add new paragraph:</p> <p>Commuted sums will be liable to be paid on completion and occupation of a percentage of units on site. This is normally 70% but will be open to negotiation should viability considerations make that necessary.</p>		

Respondent Number	2885	Representation Number	3
Respondent Name	Simon Coop (Nathanial Lichfield & Partners)		
Respondent Organisation	Bovis Homes		
Summary of Representation	<p>Bovis Homes consider the minimum of 60% affordable housing in Main Villages an appropriate mechanism for rural parts of the County, this should however be subject to viability and a reduced level should be permitted where the delivery of a scheme would otherwise be compromised. Abnormal costs are recognised in the SPG although it states there is no intention to use financial subsidy to support such sites, albeit stating that this is to be reviewed. There is concern that the Council has failed to appreciate that the key challenge can often relate to an inability of the Gross Development Value (GDV) to sustain the high land values that are being sought, particularly when viewed in context of other development costs. Additional costs should not be taken off land value as the owner may no longer be prepared to sell.</p>		
Requested Change	<p>The Council's minimum land value must be set at an appropriate level and that the use of subsidy or relaxation of targets should be considered to ensure delivery where costs are not supported by GDV.</p>		
LPA Response	<p>The 60% affordable housing requirement on allocated sites in rural villages is not negotiable and this is set out in Policy S4 which requires 'at least' 60% to be affordable. The sole purpose for allocating these sites is to provide affordable housing for local people in rural areas. Without the provision of 60% affordable housing there is no justification for releasing these sites and anticipated land values should reflect this accordingly. The question of potential 'abnormal' costs will be taken into account on a case by case basis in considering specific viability issues that may be preventing a site coming forward. Initially, however, there is no intention to use financial subsidy to support 60% affordable housing sites as the amount of Social Housing Grant available is extremely limited. The situation will be reviewed after the first sites have been developed and an indication provided of the values at which land is changing hands. The Council may then introduce an expected minimum land value, which, if not achieved, may result in financial subsidy being made available to assist in bringing sites forward.</p>		
Recommendation	No change.		

Respondent Number	2885	Representation Number	4
Respondent Name	Simon Coop (Nathaniel Lichfield & Partners)		
Respondent Organisation	Bovis Homes		
Summary of Representation	The issue of land prices is only raised in the SPG in relation to allocated sites in main villages. Reasonable assumptions in relation to all costs including land should be taken into account throughout in assessing the level of affordable housing that can be sustained as part of a particular development.		
Requested Change	No specific change is requested.		
LPA Response	It is considered that no change is required in relation to the necessity to be aware of viability issues as this is sufficiently covered in the SPG (e.g. the two bullet points at the top of page 10)		
Recommendation	No change.		

Respondent Number	2885	Representation Number	5
Respondent Name	Simon Coop (Nathaniel Lichfield & Partners)		
Respondent Organisation	Bovis Homes		
Summary of Representation	An open book approach on testing of viability is welcomed although this must be appraised in a reasonable manner. Concern regarding the 4th para on Page 11 relating to how the calculator works, noting it does not reflect that affordable houses are subject to more stringent policy requirements impacting on the relative build costs for both market and affordable houses.		
Requested Change	No specific change requested.		
LPA Response	The assumption that the calculator works on the basis that the cost of building a market home is similar to the cost of an affordable home actually works in the developer's favour as it is the higher cost that is taken into account in the model. In the light of the consultation responses, however, the Council is reviewing the space standards and use of DQR for non-grant-funded housing. This may have implications for the calculator and if so will be reported.		
Recommendation	No change, depending on the results of further viability work.		

Respondent Number	2885	Representation Number	6
Respondent Name	Simon Coop (Nathaniel Lichfield & Partners)		
Respondent Organisation	Bovis Homes		
Summary of Representation	<p>The viability implications of neutral tenure are unclear. Paragraph 6.3.6 identifies different transfer values for different tenures with no indication of costs for neutral tenure. The variation between 38% and 60% of ACG is substantial and the implications should be set out much more clearly. 42% ACG value is more acceptable, although further justification should be provided.</p>		
Requested Change	No specific change requested.		
LPA Response	<p>General affordable housing and Policy SAH11 affordable housing (rural village sites where the viability issues are more pressing because of the 60% requirement) are treated differently in terms of the quality standards required and the amounts paid to the developer. It is recognised that the way in which the draft SPG is written has potential for causing confusion, which appears to be the case in relation to this representation. It is proposed, therefore, to re-write this section of the SPG to deal with SAH11 affordable housing under a separate heading. All general affordable housing will be required to be built to DQR standards and be neutral tenure. Developers will then transfer the affordable housing to RSLs at 42% of Acceptable Cost Guidance. More flexibility will be offered in relation to SAH11 sites because of the more difficult viability issues.</p>		
Recommendation	<p>Rearrange section 6 (new section 5) and add a new paragraph 5.10:</p> <p>5.10 Affordable housing delivered under Policy SAH11</p> <p>5.10.1 Affordable housing delivered under Policy SAH11 will be a mix of social rented units and intermediate housing depending on the local need identified by the Council. All units for social rent will be constructed to Welsh Government Design Quality Requirements, which includes Lifetime Homes. Intermediate housing will be constructed to a standard agreed by the Council and their RSL partners.</p> <p>5.10.2 Affordable housing delivered under Policy SAH11 will be transferred to the Council's preferred RSL at 38% of Welsh Government ACG for social rented units, 50% of ACG for low cost home ownership units and 60% of ACG for intermediate rent units.</p>		

Respondent Number	2885	Representation Number	7
Respondent Name	Simon Coop (Nathanial Lichfield & Partners)		
Respondent Organisation	Bovis Homes		
Summary of Representation	Refer to paragraph 6.3.4 noting the Council's identification of a RSL will remove flexibility from developers. As long as developers conform to the level and mix of affordable housing specified in the s.106 agreement they can partner with the RSL of their choice. Suggest this requirement conflicts with paragraph 12.4 of TAN2.		
Requested Change	No specific change requested.		
LPA Response	It is accepted that the Council cannot insist that a developer works with a specific RSL. There are sound reasons, however, for the Council's preference for working with the RSLs that are zoned for Monmouthshire. It is recommended therefore that paragraph 6.3.4 is deleted but that it is replaced by a more neutral wording. Paragraph 6.9 should also be amended for clarity.		
Recommendation	<p>Replace paragraph 6.3.4 (new number 6.3.3) with the following:</p> <p>The Council has a long term commissioning partnership with RSLs to secure the strategic provision of all types of housing accommodation. This covers minimum standards of service in management terms, allocation of Social Housing Grant, specialisms of the Housing Associations and the long-term allocation of housing sites. The Council's preference is for developers to work with RSLs zoned by the Welsh Government for developing in Monmouthshire and it will normally allocate each site to its preferred RSL on the basis of the RSLs development capacity, other properties in the area, rental levels and other relevant issues. Should there be a need for specialist/purpose built disabled housing, for example, and an element of social housing grant was required the Council would only be able to allocate grant to a zoned RSL.</p> <p>Amend paragraph 6.9 (new number 6.12) to read:</p> <p>There are currently three Registered Social Landlords zoned by the Welsh Government to operate within Monmouthshire. These are:</p> <p style="padding-left: 40px;">Melin Homes Monmouthshire Housing Association The Seren Group</p> <p>It should be noted that whilst these are the current zoned RSL partners in Monmouthshire, changing circumstances might result in the Council fostering different partnership links in the future and seeking approval from Welsh Government.</p>		

Respondent Number	2885	Representation Number	8
Respondent Name	Simon Coop (Nathanial Lichfield & Partners)		
Respondent Organisation	Bovis Homes		
Summary of Representation	Welcome paragraph 6.3.3 relating to liaison with the Council to agree the mix of affordable units prior to submission of an application. It should nevertheless be recognised that the mix can have a direct impact upon development viability, this should be considered when seeking to establish the preferred mix.		
Requested Change	No specific change requested.		
LPA Response	Comment noted. The viability implications of the required mix are recognised.		
Recommendation	No change.		

Respondent Number	2886	Representation Number	1
Respondent Name	Jason Price		
Respondent Organisation	Persimmon Homes		
Summary of Representation	Suggest the ACG value of 42% is substantially lower than the percentage utilised in neighbouring authorities (typically 50%) where benchmark rental values are significantly lower than could be achieved in Monmouthshire. Question the justification of the inclusion of 42% without worked examples/calculations justifying the use of this percentage, and its conformity with the guidance contained within PPW.		
Requested Change	No specific change requested.		
LPA Response	<p>The greatest need for affordable housing in Monmouthshire if people on the housing waiting list are to be accommodated is for housing for social rent. The maximum that an RSL can afford to pay based on the rental income they would receive from the properties is 42% of Welsh Government Acceptable Cost Guidance (ACG). Whilst the developer would receive a higher percentage of ACG for Intermediate Rent, this would not be meeting housing need in Monmouthshire. (With regard to the respondent's comment about adjoining authorities, Newport, for instance, is a large city with a range of needs). It is considered essential that the 42% of ACG transfer rate remains in order to meet housing need in Monmouthshire. Should developers be able to demonstrate that this would have an adverse impact on viability then the percentage affordable housing requirement can be renegotiated (as allowed for in LDP Policy S4, which states that the 35% and 25% requirements are 'subject to appropriate viability assessment'). Further text will be added to paragraph 6.3.5 (new paragraph 5.3.4) to provide justification for the 42% transfer rate.</p>		
Recommendation	<p>Amend paragraph 6.3.5 (new number 5.3.4) to read:</p> <p>5.3.4 The financial arrangements for the transfer of completed affordable housing units from the developer to the RSL are to be calculated using the current Acceptable Cost Guidance rates published by the Welsh Government's Housing Directorate. The percentage that the RSL can afford to pay, based on the rental income that they would receive for the properties, is 42% of ACG. This leaves the landowner/developer to fund the 58% which in the past would have been covered by Social Housing Grant. The developer will then be expected to sell the properties to the RSL at this percentage rate. (This percentage rate does not apply to units delivered under Policy SAH11).</p>		



Respondent Number	2886	Representation Number	2
Respondent Name	Jason Price		
Respondent Organisation	Persimmon Homes		
Summary of Representation	There is a danger the implications of the SPG could be viewed in isolation of the emerging Community Infrastructure Levy (CIL) Preliminary Draft Charging Schedule (PDCS), compounding the impact of affordable housing in Monmouthshire by placing significant additional costs of developers.		
Requested Change	No specific change requested.		
LPA Response	It is acknowledged that currently there is inconsistency between the requirements of the Affordable Housing SPG and the viability testing carried out in connection with CIL. Further viability testing is being carried out for CIL in order that the implications of the SPG can be fully considered.		
Recommendation	No change.		

Respondent Number	2886	Representation Number	3
Respondent Name	Jason Price		
Respondent Organisation	Persimmon Homes		
Summary of Representation	Whilst affordable housing targets are subject to appropriate viability assessments, the methodology employed to assess viability utilises benchmark land values that do not accurately reflect the reality of housing development. The outcomes cannot be expected to provide developers with the comfort of knowing that it can be utilised as an effective tool for justifying a reduction in affordable housing provision where viability is an issue.		
Requested Change	No specific change requested.		
LPA Response	The benchmark land values were found sound at the LDP Examination, have been reviewed as part of the recent CIL viability study and will subsequently be tested in any CIL Examination. This is not a matter for consideration in relation to the SPG.		
Recommendation	No change.		

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## **Appendix C**

# **Monmouthshire County Council Local Development Plan**

# **Draft Affordable Housing Supplementary Planning Guidance**

**February 2016**

**Planning Policy**

**Monmouthshire County Council**

County Hall, Rhadyr, Usk, Monmouthshire NP15 1GA

**Tel. 01633 644429**

**E-mail: [planningpolicy@monmouthshire.gov.uk](mailto:planningpolicy@monmouthshire.gov.uk)**

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## 1. INTRODUCTION

1.1 This note is one of a series of Supplementary Planning Guidance (SPG) Notes that have been prepared to provide supporting information and advice on the implementation of the Council's development plan policies. The Notes are intended to offer clear guidance on the main considerations that will be taken into account by the Council when reaching decisions on planning applications and in this case how planning policy on affordable housing will be delivered in practice.

### 1.2 Status

1.2.1 This SPG is prepared in the context of the Monmouthshire County Council Adopted Local Development Plan (LDP), February 2014.

1.2.2 SPG supplements the Council's development plan, with only the policies contained in the development plan having the special status that Section 38 (6) of the Planning and Compulsory Purchase Act 2004 provides in the determination of planning applications. However, the Welsh Government (WG) advises that SPG may be taken into account as a material consideration in the determination of planning applications and appeals. Substantial weight will be afforded to SPG which derives out of and is consistent with the development plan (*Planning Policy Wales Edition 8*, January 2016, *para. 2.4*).

## 2. THE AFFORDABLE HOUSING ISSUE

2.1 A significant issue for Monmouthshire is the fact that house prices are high in relation to earnings so that there is a need for additional affordable housing in the County in both urban and rural areas, particularly for those that live and work here.

2.2 Affordability of housing is a concern throughout Wales. In October 2014 the average house price for Wales was £170,900 and the house price to earnings ratio was 6.2:1. For comparison, in Monmouthshire the average house price in October 2014 was £269,700 and the house price to earnings ratio was 7.2:1 (Source: Hometrack 30/10/2014).

2.3 These figures illustrate how difficult it is for local people to purchase their first homes or move into larger homes in the County when their family circumstances change. For those people who live and work in the County it is even more difficult, as local earnings are much lower than the average for Wales. In 2014, the median earnings for Monmouthshire residents were £578.00 per week, compared to the Wales median of £479.00 per week. However, the median earnings by workplace presents a different picture with people working in the County earning only £466.00 per week, much lower than the £473.00 per week figure for Wales as a whole (NOMIS 23/01/15).

2.4 Monmouthshire is a county which is subject to inward migration so there will continue to be strong demand for housing with subsequent pressure on

house prices. With local earnings unlikely to catch up with the Wales average for the foreseeable future, housing will remain at a level way above what local people can afford.

2.5 The planning system is seen as an increasingly important means of improving the supply of affordable housing for local people. Monmouthshire County Council recognises this and is keen to ensure that developers and local people have clear guidance on how its development plan policies and decisions on planning applications will operate and thereby contribute to one of the desired outcomes of the Council's Single Integrated Plan, namely 'We want people to live in homes that are affordable, appropriate and where people want to live'. The importance of providing affordable housing was also recognised by the Council's Strong Communities Select Committee, which produced the report 'A Place to call Home' in June 2011. The recommendations of this report provided the context in which the LDP affordable housing policies were prepared.

2.6 This SPG has been prepared in the context of the most recent WG planning policy on affordable housing contained in *Planning Policy Wales Edition 8*, January 2016 and Technical Advice Note 2 *Planning and Affordable Housing*, June 2006.

2.7 *Planning Policy Wales (PPW) Edition 8, January 2016*

2.7.1 *PPW* provides the overarching national strategic guidance with regards to land use planning matters in Wales. Paragraph 4.4.3 states that Local Planning Authorities should: 'Ensure that all local communities - both urban and rural - have sufficient good quality housing for their needs, including affordable housing for local needs and for special needs where appropriate, in safe neighbourhoods.'

2.7.2 The housing section of *PPW* (paragraph 9.1.2) seeks the promotion of sustainable mixed tenure communities. It states: 'Local Planning Authorities should promote sustainable residential environments, avoid large housing areas of monotonous character and make appropriate provision for affordable housing.'

2.7.3 With regard to need, paragraph 9.2.14 states: 'A community's need for affordable housing is a material planning consideration which must be taken into account in formulating development plan policies.'

2.8 Definitions of Affordable Housing

2.8.1 Affordable housing is defined in paragraph 9.2.14 of *PPW*:

*'Affordable housing for the purposes of the land use planning system is housing where there are secure mechanisms in place to ensure that it is accessible to those who cannot afford market housing, both on first occupation and for subsequent occupiers. ... Affordable housing includes social rented housing owned by local authorities and registered social*

*landlords and intermediate housing where prices or rents are above those of social rent but below market housing prices or rents.'*

- 2.8.2 These definitions of affordable housing contrast with general market housing:

*'All other types of housing are referred to as 'market housing', that is private housing for sale or rent where the price is set in the open market and occupation is not subject to control by the local planning authority.*

## 2.9 Affordability

- 2.9.1 There is a need also to define 'affordability'. WG guidance defines this as:

*'the ability of households or potential households to purchase or rent property that satisfies the needs of the household without subsidy' (WG TAN2, para 4.1).*

The subsidy referred to in the quotation above is a subsidy on the property itself, which helps make it more affordable. There are different levels of subsidy depending on the different types of tenure, therefore creating a wide range of affordable options.

- 2.9.2 This should be determined in each local housing market area in an authority's area and would be based on such factors as ratio of household income to the price of property.

## 3. **AFFORDABLE HOUSING NEED IN MONMOUTHSHIRE**

- 3.1 **Local Housing Market Assessment (LHMA)** - The Council's Housing Services section, with Torfaen and Blaenau Gwent County Borough Councils and Newport City Council, commissioned a LHMA across the four County areas in 2006. This suggested that there was a need for 659 affordable homes in Monmouthshire in the five year period from 2006. This was based on a requirement of 2,720 affordable homes in the study area as a whole and represented 37% of the total planned housing requirement.
- 3.2 Subsequently, an Update to the 2006 LHMA was carried out to provide evidence to support the LDP, using 2010 as its base year. This predicted a 5-year affordable housing need of 2,205 dwellings for the study area from 2010. This represented 32% of the then total planned delivery total for the three authorities of 6,950.
- 3.3 The Update report also disaggregated the study findings for each authority, in accordance with the requirements of TAN2. This projected a five year affordable housing need in the County of 478 dwellings, 29% of the then overall dwelling requirement of 1,636. This gave an annual requirement for affordable housing of 96 dwellings per year, a ten year requirement of 960 dwellings, which is the affordable housing need for 2011-21 that has to be addressed through the LDP.

#### 4. MONMOUTHSHIRE'S PLANNING POLICIES ON AFFORDABLE HOUSING

- 4.1 Policy S4 of the Adopted Monmouthshire LDP is the primary means of achieving the affordable housing target referred to in the above paragraph. Policy S4 sets out the thresholds at which affordable housing has to be provided and the percentage of affordable housing that will be required in each case, depending on the location of the development site.

##### Policy S4 – Affordable Housing Provision

Provision will be made for around 960 affordable homes in the Local Development Plan Period 2011-2021. To meet this target it will be expected that:

- In Main Towns and Rural Secondary Settlements as identified in Policy S1 development sites with a capacity for 5 or more dwellings will make provision (subject to appropriate viability assessment) for 35% of the total number of dwellings on the site to be affordable.
- In the Severnside settlements identified in Policy S1 development sites with a capacity for 5 or more dwellings will make provision (subject to appropriate viability assessment) for 25% of the total number of dwellings on the site to be affordable.
- In the Main Villages identified in Policy S1:
  - Development sites with a capacity for 3 or more dwellings will make provision for at least 60% of the total number of dwellings on the site to be affordable.
- In the Minor Villages identified in Policy S1 where there is compliance with Policy H3:
  - Development sites with a capacity for 4 dwellings will make provision for 3 dwellings to be affordable.
  - Development sites with a capacity for 3 dwellings will make provision for 2 dwellings to be affordable.
- In the open countryside developments involving the conversion of existing buildings or sub-division of existing dwellings to provide 3 or more additional dwellings will make provision (subject to appropriate viability assessment) for 35% of the total number of dwellings to be affordable.
- Development sites with a capacity below the thresholds set out above will make a financial contribution towards the provision of affordable housing in the local planning authority area.

Other than in Main Villages, in determining how many affordable houses should be provided on a development site, the figure resulting from applying the proportion required to the total number of dwellings will be rounded to the nearest whole number (where half rounds up).

The capacity of a development site will be based on an assumed achievable density of 30 dwellings per hectare.



4.2 The settlement hierarchy referred to in Policy S4 is set out in LDP Policy S1, namely:

- **Main Towns:** Abergavenny, Chepstow and Monmouth
- **Severnside Settlements:** Caerwent, Caldicot, Magor, Portskewett, Rogiet, Sudbrook and Undy
- **Rural Secondary Settlements:** Usk, Raglan, Penperlleni and Llanfoist
- **Main Villages:** Cross Ash, Devauden, Dingestow, Grosmont, Little Mill, Llandewi Rhydderch, Llandogo, Llanellen, Llangybi, Llanishen, Llanvair Kilgeddin, Mathern, Penallt, Pwllmeyric, Shirenewton/Mynyddbach, St Arvans, Trellech, Werngifford/Pandy
- **Minor Villages:** Bettws Newydd, Broadstone/Catbrook, Brynygwenin, Coed-y-Paen, Crick, Cuckoo's Row, Great Oak, Gwehelog, Llanarth, Llandegveth, Llandenny, Llangwm, Llanover, Llansoy, Llantilio Crossenny, Llantrisant, Llanvair Discoed, Llanvapley, Mitchel Troy, Penpergwm, The Narth, The Bryn, Tintern, Tredunnoch
- **Open Countryside**

4.3 There are five types of situation that could arise in providing affordable housing under Policy S4 which need further consideration:

- A) Where the affordable housing threshold of 5 or more is applicable, i.e. in Main Towns, Rural Secondary Settlements and Severnside Settlements.
- B) Where the affordable housing threshold is not met and financial contributions are required.
- C) Developments in Main Villages
- D) Developments in Minor Villages.
- E) Developments in the open countryside.

4.4 Specific guidance in these matters is provided on the following information sheets and the checklists in Appendix 6:

**A. WHERE THE AFFORDABLE HOUSING THRESHOLD OF 5 OR MORE IS APPLICABLE, I.E. IN MAIN TOWNS, RURAL SECONDARY SETTLEMENTS AND SEVERNSIDE SETTLEMENTS.**

When an application for residential development is received in these settlements the first step in its assessment will be to:

**A.1 Establish the net site area and calculate the capacity of the site based on an assumed achievable density of 30 dwellings per hectare.**

- i. It is a requirement of LDP Policy DES1 criterion i) that in order to make the most efficient use of land the minimum net density of residential development should be 30 dwellings per hectare. The net developable area is defined as excluding areas taken out for other uses such as employment or which are undevelopable for one reason or another and as including internal access roads and incidental open space between houses, play areas etc. Similar considerations should be taken into account when calculating the site capacity in relation to Policy S4.
- ii. The capacity of a site is calculated as a 'net' figure. The number of any existing dwellings on a site that are to be demolished, therefore, would be taken away from an overall capacity based on an area calculation to give a final capacity figure for the purposes of Policy S4. Similarly, where a subdivision of an existing dwelling(s) is proposed, the net gain is the final number of dwellings proposed minus the number of original dwellings on the site.

**A.2 If the capacity of the site is 5 or more dwellings then the affordable housing requirement to be provided on site is calculated at 35% in Main Towns and Rural Secondary Settlements and 25% in Severnside settlements, subject to a) and b) below.**

A.2.a) Should the development not be achieving 30 dwellings per hectare and it is considered that there is not a material non-compliance with Policy DES1 i) then the affordable housing requirement should be calculated on the **agreed** capacity of the site (rather than the 'theoretical' capacity of 30 dwellings per hectare).

A.2.b) In determining how many affordable houses should be provided on a development site, the figure resulting from applying the proportion required to the total number of dwellings will be rounded to the nearest whole number (where half rounds up.)

**A.3 If the capacity of the development site is below the threshold of 5 dwellings then a financial contribution towards affordable housing in the local planning authority area will be required (see B)**

**A.4** When the threshold for affordable housing is met the following considerations will be taken into account in the implementation of Policy S4:

- i. The mix of house types, sizes and tenure should reflect local needs. (This must be established from the Council's Housing Services section on a site-by-site basis in accordance with the particular needs of the community in which the site is located).
- ii. Provision for affordable housing will be secured through Section 106 Agreements.
- iii. **Affordable housing should generally be provided on-site** (unless there are exceptional circumstances that justify off-site provision, as considered in paragraph 5.6 of this SPG) and should reflect the characteristics of the locality or the rest of the site.
- iv. Householder permitted development rights may be withdrawn so that control may be exercised over the enlargement or alteration of dwellings in ways that would change their affordability for future occupiers.
- v. In seeking to negotiate an element of affordable housing on a site the Council will take into account: site size, suitability, and the economics of provision; whether there will be particular costs associated with development of the site; and whether the provision of affordable housing would prejudice the realisation of other planning objectives that need to be given priority in the development of the site. **(The percentage of affordable housing required is, under the terms of Policy S4, subject to appropriate viability assessment).**
- vi. Where necessary, as part of such negotiations, the Council will undertake viability analysis of residential development sites using the Development Appraisal Toolkit developed by Three Dragons on behalf of South and West Wales local authorities. The Toolkit is a means of assisting all parties in their understanding of the economics of a particular development. The model enables the testing of claims that affordable housing requirements (along with other costs, such as those from additional infrastructure works, for example) would make a site uneconomic. This approach can employ the default data available for general analysis. For more accurate assessments of costs, revenues and constraints, however, an 'open book' approach, where the developer provides information on development costs and selling prices, is advocated.

## **A.6** Layout and Design

The Council's preference is for '**pepper-potting**' of affordable housing, rather than provision in enclaves. **Properties for affordable housing will normally be in clusters of no more than 6 - 15 units, depending on the overall size of the development.** The design and materials of dwellings built to comply with affordable housing policies should be similar to that of adjoining market housing, including the provision of garages where appropriate. Similarly, it will be expected that affordable housing layouts will comply with the Council's general design guidance and standards for new residential development.

## **B. WHERE THE AFFORDABLE HOUSING THRESHOLD IS NOT MET AND FINANCIAL CONTRIBUTIONS ARE REQUIRED.**

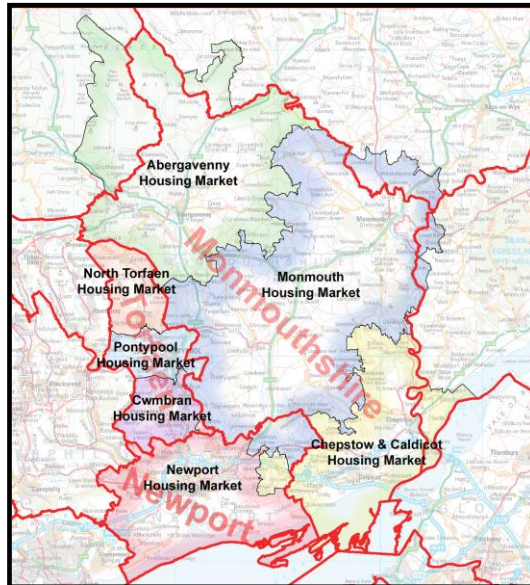
It is a basic principle of Policy S4 that all residential developments (including at the scale of a single dwelling) should make a contribution to the provision of affordable housing in the local planning authority area, irrespective of whether or not the size of the development falls below the threshold for on-site provision.

**B.1 If the capacity of the site falls below the threshold at which affordable housing is required, prior to obtaining planning permission the applicant will need to enter into a S106 agreement to pay a financial contribution towards affordable housing in the housing market in which the site is located.** A standard Section 106 agreement that will be used for this purpose is set out in Appendix 4. An affordable housing contribution will be liable to be paid on completion and prior to occupation of each dwelling to which the payment relates.

- i. The required contribution will be established by using the Affordable Housing Contribution Calculator and can be obtained from the Council's Housing Strategy Officer. The contribution will normally be set at the equivalent of 35% of the agreed capacity of the site (25% in Severnside). Example affordable housing financial contribution sum calculations are given in Appendix 6.
- ii. The contribution is calculated so that the developer and landowner of a scheme is no worse or better off financially, whether they provide the affordable housing on-site or as a contribution. As it is important that there is a consistent and transparent mechanism for calculating the contributions to be collected, the Council commissioned Three Dragons to design an Affordable Housing Contribution Calculator for this purpose.
- iii. The calculator is designed for the specific purpose of calculating a financial contribution and does **not** assess whether or not the scheme can afford the policy compliant amount of affordable housing. **Should there be issues of viability a full Viability Assessment would need to be undertaken (see A.5.vi) above).**
- iv. The contribution made by a developer towards affordable housing is the assessed difference in residual value of a 100% market housing scheme and a scheme with the policy requirement for affordable housing (or a lesser percentage where this is justified by viability considerations). Residual value is the difference between the total scheme revenue (for the market and affordable housing) and the cost of the scheme. The calculator works on the basis that the cost of building the same type of market home (e.g. 3 bedroom terrace) is similar to the cost of the same type of affordable home. However, there are some costs that a developer of a market home has to meet which are additional to that for a typical affordable home. These are marketing costs and the level of return (profit) expected. These differences are taken into account in the calculations. The mix and tenure of units used for the affordable

housing contribution calculation will be the equivalent of what would be required if the affordable housing was provided on-site.

- v. Financial contributions gathered by the Council will be used to deliver affordable housing in the Housing Market Area (HMA) from which they are collected. The map below shows the three HMAs in Monmouthshire.



**B.2** The Council does not wish to hinder the supply of dwellings from self-builders who could be building to meet their own needs. Therefore, **self-builders whose developments fall below the thresholds will not be required to make a financial contribution.** A similar approach is taken in the application of the Community Infrastructure Levy and it is intended, for the purposes of this SPG, to adopt the same definition of ‘self-build’ as set out in the CIL Regulations 54A, 54B, 54C and 54D as inserted by the 2014 Regulations (see the standard Section 106 agreement in Appendix 4).

- i. If a developer wishes to make a claim for an exemption under the self-build provision then a form should be submitted prior to completion of each dwelling to which the payment relates confirming that the dwelling is intended to be occupied by the owner of the land.
- ii. Within 6 months of occupation a further form will need to be submitted evidencing occupation by the owner. The Council will at this point agree to defer the payment for the duration of two-and-a-half years from that notification.
- iii. Any such exemption will be subject to a ‘claw-back’ mechanism so that if the criteria for self-build status are not complied with within a period of three years from the occupation of the dwelling then the requirement for an affordable housing contribution will be reinstated. Should there be compliance with the three year period, the Council will, through a variation of the Section 106 Agreement, confirm that no payment will be required on that specific dwelling.

## C. DEVELOPMENT IN MAIN VILLAGES.

### C.1 Sites allocated in main villages under LDP Policy SAH11 with the specific purpose of providing 60% affordable housing.

There is a specific issue in the County relating to the provision of affordable housing in rural areas due to the limited ability of existing residents in the countryside, particularly young people, to afford housing, which restricts their ability to remain within their existing communities if they are in housing need.

Given the relative unsustainability of the County's rural areas in comparison to its towns it was the Council's view that most villages were not appropriate locations for unrestrained market housing, even with the application of the Council's general requirements that new housing developments should make provision for a proportion of affordable housing. It was considered that the proportion of affordable housing provided in rural communities would need to be higher than elsewhere and that the main justification for new housing development in rural villages should be the need to provide affordable housing to meet local needs.

A number of housing sites have been allocated in Main Villages under LDP Policy SAH11 with the specific aim of providing affordable housing for local people.

These sites are required under Policy S4 to provide a **minimum of 60% affordable housing**:

- i. The mix and tenure of the 60% affordable housing will be based on local housing need and this information can be established from the Council's Housing Strategy Officer on a site-by-site basis in accordance with the particular needs of the community in which the site is located.
- ii. Unlike general housing sites, therefore, **when the figure resulting from applying the proportion of affordable housing required to the total number of dwellings is not a whole number, there is no rounding down, only rounding up.**
- iii. Policy SAH11 sets a maximum size of development at 15 dwellings in order to ensure that any development is of a 'village scale', in keeping with character of the settlements. This amount may be smaller in certain villages, as set out in Policy SAH11, which indicates the scale of development that is considered to be acceptable having regard to the characteristics of the village and the particular site. It is unlikely to be acceptable for these lower site capacities to be exceeded unless it can be clearly demonstrated that there is no adverse impact on village form and character and surrounding landscape.
- iv. The LDP *Affordable Housing Viability Study* confirmed that a requirement for 60% affordable housing on rural sites will enable developer contributions towards the cost of providing affordable

housing as the high market values for housing in rural areas would still provide residual land values far in excess of existing agricultural land values that should be sufficient incentive to bring land forward for development. **It needs to be recognised that the sole purpose for allocating these sites is to provide affordable housing for local people in rural areas. Without the provision of 60% affordable housing there is no justification for releasing these sites and anticipated land values should reflect this accordingly.**

- v. It is intended that this affordable housing will be brought forward using the mechanisms set out in section 5 below. The Council recognises that there may sometimes be abnormal costs that restrict the ability of a development to provide the financial subsidy to achieve affordable housing requirement. Initially, however, there is no intention to use financial subsidy to support 60% affordable housing sites.
- vi. Given the particular circumstances of these 60% affordable housing sites, the Council will not apply its normal policy of requiring 'pepper-potting' of affordable housing throughout a development. It is recognised that the best way of developing these sites and enabling the market housing to achieve its full potential for achieving financial subsidy for the affordable housing element is to allow the market dwellings to be grouped together.
- vii. All affordable housing achieved on LDP sites in Main Villages will give priority to local residents through the Council's Rural Allocations Policy. This is set out in Appendix 3, although it may be subject to revision in the future.

## **C.2 Other Sites in Main Villages**

Development boundaries for Main Villages were set at the same limits as in the previous Unitary Development Plan (UDP). These Village Development Boundaries (VDBs) were only extended where necessary to incorporate the 60% affordable housing sites allocated under LDP Policy SAH11. There is still scope, therefore, for infill development to take place within the VDB, as would have been the case under the previous UDP. LDP Policy S4 requires, however, that all sites in Main Villages provide 60 per cent affordable housing.

- C.2.a)** The first step in such cases should be to establish the net site area and calculate the capacity of the site based on an assumed achievable density of 30 dwellings per hectare.

**If the capacity of the site meets the threshold of 3 or more dwellings then affordable housing should be provided on site at a rate of 60%, but this will be subject to b) and c) below.**

**If the capacity of the site is less than 3 dwellings a financial contribution will be required towards affordable housing in the local planning**

**authority area. This will normally be set at the equivalent of 35% of the agreed capacity of the site.**

**C.2.b)** The Council recognises that in most cases applying this percentage, together with the density requirements of Policy DES1 i), to small infill sites within the fabric of existing villages could result in a density of development that is out of keeping with its surroundings. In such cases, criterion l) of LDP policy DES 1 would need to be considered. This states that development proposals will be required to ensure that existing residential areas characterised by high standards of privacy and spaciousness are protected from over-development and insensitive or inappropriate infilling. In such circumstances, it is considered likely that the requirements of Policy S4 and Policy DES1 i) could be relaxed on infill plots in Main Villages to allow a smaller percentage of affordable homes and a lower density of development than 30 dwellings per hectare.

**On larger sites in Main Villages where it should be feasible to provide affordable housing on site then this would be the preferred option and the number of affordable homes required will normally be set at 35% of the theoretical capacity of the site (at 30 dwellings per hectare), subject to viability considerations and the effect of the development on the character and appearance of the area.**

**C.2.c)** Where the site is too small or restricted to achieve an acceptable standard of design and layout if the affordable housing was provided on site, **a financial contribution towards affordable housing in the housing market area in which the site is located would be required to compensate for allowing a non-compliance with Policy S4.** This will be set at the equivalent of 35% of the agreed capacity of the site. The required financial contribution will be established using the Affordable Housing Financial Contribution Calculator described in Section B.

**C.2.d)** A strict application of Policy S4 would also require conversion of existing buildings or sub-division of existing dwellings to make provision for 60% of the total number of resulting dwellings to be affordable. This would be inequitable, however, when it is considered that if such development was taking place in the open countryside only 35% affordable would be required. It is also recognised that the provision of affordable housing is not always practicable in conversion schemes. The Council, therefore, will adopt a more flexible approach in such situations, although **generally a financial contribution towards affordable housing in the local planning authority area will still be required. This will be set at the equivalent of 35% of the agreed capacity of the site** and utilise the Affordable Housing Financial Contribution Calculator, but careful consideration will be given to the viability and practical implications of conversion and sub-division applications in assessing the level of financial contribution required.



## **D. DEVELOPMENT IN MINOR VILLAGES**

**D.1** Policy S1 identifies Minor Villages where small scale development will be allowed in the circumstances set out in LDP Policy H3. Minor Villages are settlements that (subject to detail) are suitable for minor infill of no more than 1 or 2 dwellings resulting from the filling in of a small gap between existing dwellings.

**Infill developments in Minor Villages, consisting of 1 or 2 dwellings, will make a financial contribution towards affordable housing in the local planning authority area. This will be set at the equivalent of 35% of the number of dwellings proposed in the development.**

**D.2** Policy H3 does contain an exception that allows for planning permission to be granted for up to 4 dwellings on an infill site that demonstrably fits in with village form (including not resulting in the loss of an open space that forms an important gap or open area) and is not prominent in the landscape. As such proposals are 'exceptional' in that they go beyond the normal definition of 'minor infill', it was considered appropriate to seek a higher proportion of affordable housing than would normally be required. Policy S4, therefore, requires that in the Minor Villages identified in Policy S1 where there is compliance with Policy H3:

**D.2.a) Development sites with a capacity for 4 dwellings will make provision for 3 dwellings to be affordable.**

**D.2.b) Development sites with a capacity for 3 dwellings will make provision for 2 dwellings to be affordable.**

- i. In such cases, it would be expected that the single open market dwelling will provide cross-subsidy towards the on-site provision of the affordable housing. Each site will be subject to a viability assessment which will determine the amount of cross-subsidy required.

## **E. DEVELOPMENT IN THE OPEN COUNTRYSIDE**

### **E.1 Conversion and sub-divisions**

Policy S4 requires that in the open countryside developments involving the conversion of existing buildings or sub-division of existing dwellings to provide 3 or more additional dwellings will make provision for 35% of the total number of dwellings to be affordable. It is considered that this should always be the aim in dealing with applications of this type. Nevertheless, it is recognised that provision of affordable housing on site is not always practicable in such situations. It is also more difficult to estimate the capacity of a development proposal involving existing buildings in comparison with a simple area calculation.

The Council, therefore, will adopt a more flexible approach in such situations, although generally **a financial contribution towards affordable housing in the local planning authority area will still be required. This will be set at the equivalent of 35% of the agreed capacity of the site** and utilise the Affordable Housing Financial Contribution Calculator but careful consideration will be given to the viability and practical implications of conversion and sub-division applications in assessing the level of financial contribution required.

### **E.2 Departure applications in the open countryside**

Policy S4 contains no requirement for affordable housing on proposals that do not comply with the LDP's spatial strategy, as set out in Policy S1. It would not have been appropriate to have written policy that anticipated an application being allowed that was totally contrary to other LDP policies regarding new build residential development in the open countryside. Nevertheless, it is normal practice in appeal situations to set out planning conditions and/or planning obligations that might be required should an Inspector decide to allow an appeal against the Council's refusal of any such application. It is necessary, therefore, to set out what the Council's position would be in such an appeal situation. In this respect it would be entirely appropriate to require a residential development to provide a proportion of affordable housing, notwithstanding that there is no direct policy justification for this in the LDP. Increasing the supply of affordable housing is a significant objective of national and local planning policies. For instance, paragraph 9.3.5 of Planning Policy Wales states: 'Where development plan policies make clear that an element of affordable housing, or other developer contributions, are required on specific sites, this will be a material consideration in determining relevant applications.'

It is considered, therefore, that **it should be a requirement that departure applications in the open countryside should make provision for 35% of the total number of dwellings in the development to be affordable or a financial contribution will be required towards affordable housing in the housing market area in which the site is located, to be set at the equivalent of 35% of the agreed capacity of the site**, in order to be compatible with Policy S4 in relation to general housing development in high value areas in the County.

### E.3 Rural Exceptions Policy

Policy H7 of the Adopted UDP provides a further planning policy mechanism for the provision of affordable housing in rural areas of Monmouthshire. It makes provision for the siting of small affordable housing sites in or adjoining villages on land that would otherwise not be released for residential development. **In such circumstances affordable housing should be provided on site at a rate of 100%.** Policy H7 is set out below:

#### **Policy H7 – Affordable Housing Rural Exceptions**

**Favourable consideration will be given to the siting of small affordable housing sites in rural areas adjoining the Rural Secondary Settlements, Main Villages and Minor Villages identified in Policy S1 that would not otherwise be released for residential development provided that all the following criteria are met:**

- a) The scheme would meet a genuine local need (evidenced by a properly conducted survey or by reference to alternative housing need data) which could not otherwise be met in the locality (housing needs sub-area);**
  - b) Where a registered social landlord is not involved, there are clear and adequate arrangements to ensure that the benefits of affordable housing will be secured for initial and subsequent occupiers;**
  - c) The proposal would have no significant adverse impact on village form and character and surrounding landscape or create additional traffic or access problems.**
- 
- i. In seeking to identify such sites it needs to be recognised that isolated sites in the open countryside or those within small, sporadic groups of dwellings are unlikely to be acceptable. Policy H7 specifically refers to sites adjoining Rural Secondary Settlements, Main Villages and Minor Villages. Any proposals for locations other than these would be treated as ‘Departure’ applications and will need special justification. Another important consideration is the balance of the pattern of settlements in the community.
  - ii. It will also be necessary to demonstrate that the scheme would meet a genuine local need. This local need would normally relate to the rural parts of the community council area in which the site is located. Evidence of local need can be established by a number of different means, including local surveys, local consultation events, other forms of primary evidence and housing register data. As with the affordable housing sites in Main Villages, the Council’s Rural Allocations Policy will apply.
  - iii. Monmouthshire County Council positively encourages local people to build their own affordable home to meet their own housing needs through the rural exceptions policy. Single plot exception sites are only permitted with restrictions and the ‘Build Your Own Affordable Home’ scheme is explained in Appendix 2.

## 5. OPTIONS FOR THE DELIVERY OF AFFORDABLE HOUSING

5.1 The Council requires that affordable housing is managed by a Registered Social Landlord (RSL) zoned for development in Monmouthshire by the Welsh Government, as procedures are already in place to ensure that dwellings remain affordable in perpetuity.

### 5.2 Types of affordable housing.

The Council will use the following definitions of affordable housing:

- **Social rented housing** is let by RSLs to households taken from the Council's Housing Register who are eligible for social rented housing. Rents will be set at Welsh Government benchmark levels.
- **Intermediate housing** is homes for sale and rent provided at a cost above social rent but below market levels. These can include shared equity, and intermediate rent. All of these will be provided through a Registered Social Landlord (RSL).
- **Neutral Tenure** is where tenure of housing is not predetermined but can vary according to needs, means and preferences of households to whom it is offered. This incorporates the tenures described above. This arrangement gives flexibility in that it allows the tenure type of a property to change between occupiers, or even with the same occupier. So, for example, on first occupation a house might be social rented, but when that occupier vacates the property the next occupier may choose the Homebuy option. In another instance, a property might initially be rented, but if the economic circumstances of the occupier improve, they may choose to convert to Homebuy. **Neutral tenure is the delivery option preferred by Monmouthshire County Council.**
- **Specialist affordable housing** may be sought for people with specific accommodation requirements that may not otherwise be met and where a need has been identified. These can include sheltered retirement housing, adapted housing for households with a physical disability and supported housing, for example for young homeless people or people with learning difficulties.

5.3 The Council's preferred method of achieving affordable housing through Section 106 Agreements is for developers to build houses for transfer to a Registered Social Landlord (RSL). This method will ensure mixed communities where the required pepper-potting of the affordable housing units will achieve a scheme where the affordable units are otherwise indistinguishable from the owner occupied homes.

5.3.1 Prior to submission of a planning application developers will be expected to liaise with the Council to agree the mix of units required to meet housing need.

5.3.2 All affordable housing units, except for those delivered under Policy SAH11, that are built by the developer for transfer to a RSL must be constructed to the Welsh Government's Development Quality Requirements (DQR), which

includes Lifetime Homes, or successor Welsh Government scheme. Developers' DQR Compliant house types will be checked to ensure that they meet the required standards. (See Appendix 1 for guidance)

- 5.3.3 The Council has a long term commissioning partnership with RSLs to secure the strategic provision of all types of housing accommodation. This covers minimum standards of service in management terms, allocation of Social Housing Grant, specialisms of the Housing Associations and the long-term allocation of housing sites. The Council's preference is for developers to work with RSLs zoned by the Welsh Government for developing in Monmouthshire and it will normally allocate each site to its preferred RSL on the basis of the RSL's development capacity, other properties in the area, rental levels and other relevant issues. Should there be a need for specialist/purpose built disabled housing, for example, and an element of social housing grant was required the Council would only be able to allocate grant to a zoned RSL.
- 5.3.4 The financial arrangements for the transfer of completed affordable housing units from the developer to the RSL are to be calculated using the current Acceptable Cost Guidance rates published by the Welsh Government's Housing Directorate. The percentage that the RSL can afford to pay, based on the rental income they would receive for the properties, is 42% of ACG. This leaves the landowner/developer to fund the 58% which in the past would have been covered by Social Housing Grant. The developer will then be expected to sell the properties to the RSL at this percentage rate. (This percentage rate does not apply to units delivered under Policy SAH11).
- 5.4 When negotiating option agreements to acquire land for residential development, developers should take account of affordable housing requirements. The amount of Social Housing Grant (SHG) that is available to the Council is very limited and is not normally made available for the delivery of Section 106 sites. The Council's preferred financial arrangements for the provision of affordable housing, as outlined in paragraph 5.3.4, have been agreed following consultation with the RSLs to ensure a consistent and equitable approach that also provides certainty for developers when they are preparing their proposals.
- 5.5 Affordable housing land or dwellings that are transferred to a RSL will be used to provide affordable housing on a neutral tenure basis to qualifying persons from the Council's Housing Register.
- 5.6 To achieve the aim of developing mixed and balanced communities the Council seeks to provide affordable housing on-site. Only in exceptional circumstances will off-site provision be considered. This might occur, for instance, in situations where the management of the affordable housing cannot be effectively secured (as in sheltered retirement housing schemes). In such cases it may be possible for off-site new build housing or refurbishment/conversion of existing properties to provide a satisfactory alternative that meets the needs of the local community. Such schemes would be subject to the financial arrangements outlined in paragraph 6.3.5 above. In the exceptional circumstances where on-site provision is not considered

appropriate and off-site units cannot be delivered as an alternative site is not available, the Council will consider accepting an affordable housing contribution payment in lieu of on-site affordable housing provision, utilising the Affordable Housing Financial Contribution Calculator referred to in 4.4.B) above.

5.7 It is recognised that some specialist housing schemes such as Sheltered Housing may be challenging to deliver and any affordable housing contribution would be subject to viability. Should it be necessary the Council will commission and independent viability assessment.

5.8 There are a number of people living in the County Council area that have specific housing requirements as a result of learning/physical disabilities and/or medical conditions. In certain circumstances, where particular housing needs cannot be met through use of existing affordable housing stock, new purpose built special needs units may be required. Where there is evidence of need, and it is considered appropriate by the Council, special needs housing may be provided as part of the affordable housing contribution through the involvement of a RSL to ensure that these units remain affordable in perpetuity.

5.9 It is recognised that the development costs of providing specific needs affordable housing may be higher than general needs affordable housing and therefore it may be acceptable for a lower proportion of affordable units to be provided, subject to an assessment of viability.

#### 5.10 Affordable housing delivered under Policy SAH11

5.10.1 Affordable housing delivered under Policy SAH11 will be a mix of social rented units and intermediate housing depending on the local need identified by the Council. All units for social rent will be constructed to Welsh Government Development Quality Requirements, which includes Lifetime Homes. Intermediate housing will be constructed to a standard agreed by the Council and their RSL partners.

5.10.2 Affordable housing delivered under Policy SAH11 will be transferred to the Council's preferred RSL at 38% of Welsh Government ACG for social rented units, 50% of ACG for low cost home ownership units and 60% of ACG for intermediate rent units.

#### 5.11 Service Charge and Ground Rents

5.11.1 Rents or purchase price are usually seen as the main measures of affordability, but the whole cost of occupation could be significantly higher where service charges and/or ground rents are also payable, for example in a block of apartments. Where there are to be service charges and/or ground rent then these should also be set at an affordable level if properties are to be classed as affordable. If at the time of determining a planning application the level of service charge or ground rent is not known, an appropriate condition or section 106 agreement clause will be applied.

5.11.2 Where a developer intends to appoint a management company who will be responsible for the maintenance of open spaces, landscaping and unadopted highways, which will be paid for through a charge collected from residents, this charge will not be payable in relation to any of the affordable housing units (irrespective of affordable tenure), either by the nominated RSL or the subsequent occupants of the affordable homes.

5.12 There are currently three Registered Social Landlords zoned by the Welsh Government to operate within Monmouthshire. These are:

Melin Homes  
Monmouthshire Housing Association  
The Seren Group

It should be noted that whilst these are the current zoned RSL partners in Monmouthshire, changing circumstances might result in the Council fostering different partnership links in the future and seeking approval from Welsh Government.

## **6. THE PLANNING APPLICATION AND SECTION 106 PROCESS**

### **6.1 Type of Planning Application**

6.1.1 Where new or additional housing is to be provided as part of a planning application on sites where the policy threshold has been exceeded affordable housing will be sought in accord with Adopted LDP Policy S4. This would apply to the following types of planning applications:

- All outline, full or change of use applications
- All renewal applications, including where there has been no previous affordable housing obligation

6.1.2 Affordable housing will be required on sites falling below the threshold if the Council considers that there has been a deliberate attempt to subdivide the site or phase the total development in an attempt to avoid the threshold.

### **6.2 Negotiation and Application Process**

6.2.1 The provision of affordable housing is just one of a number of issues that need to be taken into account in applications for residential development. Discussion and detailed negotiations will also need to cover such matters as design, layout, density, landscape, open space and recreation provision, education, access and other financial contributions that may be needed. Developers should refer to other LDP policies and SPG in this respect.

6.2.2 In implementing the affordable housing policies of the adopted development plan, the Council will seek to ensure that there is close consultation between planning, housing and legal officers concerned with the operation of these policies, as well as other external agencies, including developers and RSLs.

In order to ensure that negotiations on affordable housing provision are conducted as effectively as possible, the Council will expect all parties involved to follow the procedures outlined:



**Pre Application Discussions**  
With Planning and Housing Officers to establish the element of affordable housing required. There is a formal pre-application service which is available at a cost and which can include other Council officers from sections such as Highways and Biodiversity, dependent on the level of service required.



**Submission of Planning Application**  
The proposal should contain an element of affordable housing which meets the housing needs identified by Housing Officers, clearly identifying how the affordable housing requirements are proposed to be met, including the appropriate mix, number, type and locations of dwellings.  
*(It is recognised that this information might not be readily available if the application is in outline.)*



**Further Detailed Negotiations where necessary**  
Planning Department in consultation with the Housing Department consider the local need for affordable housing (quantity and type).  
Effective and early partnership between developer, RSL and the Council is critical. The Officer report to Planning Committee will require information on the mechanisms for providing affordable housing. This should include that the developer build and transfer to a RSL, which is the Council's preference. In order to transfer to a RSL detailed plans of dwellings would need to be confirmed as meeting their requirements.



**Consideration by Council's Planning Committee**



**If recommendation to approve is accepted, Planning Committee resolve to grant planning permission subject to planning conditions and the signing of a Section 106 Agreement, including an agreed Affordable Housing Scheme.**  
Council's Solicitor prepares Section 106 Agreement with Developer, in consultation with RSL where necessary. Legal agreement signed by all parties.



**Council issues decision on planning application.**

### 6.3 Section 106 Agreements

The precise form of Section 106 Agreement will depend on the circumstances of individual cases including the ownership of the site and the terms of any obligation or agreement between the owner and a RSL. However, Section 106 legal agreements will normally include clauses setting out requirements with regard to the following issues:

- The mix of affordable housing types, sizes sought as part of the development
- The location and distribution of affordable housing within the development site
- The minimum design standards required for the affordable housing units
- The timing of the construction and occupation of the affordable housing in relation to the development of the whole site, including appropriate restrictions on general market housing occupation
- The price, timing and conditions for the transfer of the land or affordable housing to a RSL
- The arrangements regarding the future affordability, management and ownership of the affordable housing
- With outline applications (where the proposed number of dwellings is not known, but where there is a likelihood that the site threshold will be exceeded) the Agreement will ensure that the appropriate proportion of new housing will be affordable.

It will be necessary for the Section 106 Agreement to include appropriate long-term occupancy arrangements. The Council will require full nomination rights, which will be exercised according to the Council's allocations policy as current at the time. The key requirement is that any housing that is provided as affordable should remain in the affordable housing stock each time there is a change of occupant.

The flowchart set out above is unlikely to be applicable to small scale developments that fall below the affordable housing thresholds set out in Policy S4 and that, therefore, require a financial contribution. A standard Section 106 agreement has been prepared for such circumstances to ensure that there is no undue delay in the determination of the application (Appendix 4). An unilateral undertaking may also be an option if only a monetary contribution is required. This is a simplified version of a planning agreement, which is relatively quick and straightforward to complete, and is entered into by the landowner and any other party with a legal interest in the development site.

## **7. MONITORING AND TARGETS**

- 7.1 As referred to in Section 3 above, the affordable target for the Monmouthshire LDP is 960 affordable dwellings over the plan period 2011-2021. This is based on the findings of a 2010 Update to the LHMA carried out in 2006.

7.2 The LDP estimated that the potential affordable housing provision if all sites achieve their maximum requirement is as follows:

• <b>35% on new sites in Main Towns and Rural Secondary Settlements</b>	<b>446</b>
• <b>25% on new sites in Severnside settlements</b>	<b>242</b>
• <b>60% on rural housing allocations in Main Villages</b>	<b>120</b>
• <b>20% on large site windfalls</b>	<b>68</b>
• <b>20% on current commitments</b>	<b>108</b>
• <b>Completions 2011 – 2013</b>	<b>127</b>
• <b>Small site windfalls</b>	<b>74</b>
<b>Total</b>	<b>1,185</b>

7.3 The period for this estimate had a base date of 1 April 2013. In the period 2013 to 2014 there were 36 affordable housing completions out of an overall total completions of 230 dwellings. In the period 2014 to 2015 there were 17 affordable housing completions out of an overall total completions of 205 dwellings.

7.4 The Council is required to produce an Annual Monitoring Report (AMR) that has to be published in the October following the preceding financial year. The first LDP AMR, therefore, was published in October 2015. The LDP monitoring framework includes a number of indicators relating to affordable housing. This is reproduced as Appendix 5 to this document.

## Contacts

### **Monmouthshire County Council:**

For affordable housing **planning policy** general enquiries please contact:

#### **Planning Policy Section**

Planning Policy Manager, County Hall, Rhadyr, Usk, Monmouthshire,  
NP15 1GA

Tel: 01633 644826.

Email: [planningpolicy@monmouthshire.gov.uk](mailto:planningpolicy@monmouthshire.gov.uk)

#### **Housing & Communities**

Senior Strategy & Policy Officer, Housing & Communities, Ty'r Efail, Lower Mill Field,  
Pontypool NP4 0XJ

Tel: 01633 644474

E Mail: [shirleywiggam@monmouthshire.gov.uk](mailto:shirleywiggam@monmouthshire.gov.uk)

**Potential developers** should contact the Development Management Section:

#### **Development Management Section**

Planning Applications Manager, County Hall, Rhadyr, Usk, Monmouthshire,  
NP15 1GA

Tel: 01633 644800. Email: [planning@monmouthshire.gov.uk](mailto:planning@monmouthshire.gov.uk)

### **Registered Social Landlords:**

#### **Melin Homes**

Ty'r Efail, Lower Mill Field, Pontypool, Torfaen. NP4 0XJ

Tel: 08453 101102.

Email: [peter.davies@melinhomes.co.uk](mailto:peter.davies@melinhomes.co.uk)

#### **Monmouthshire Housing Association**

Nant-Y-Pia House, Mamhilad Technology Park, Mamhilad, Monmouthshire,  
NP4 0JJ

Telephone: 01495 761112

Email: [karen.tarbox@monmouthshirehousing.co.uk](mailto:karen.tarbox@monmouthshirehousing.co.uk)

#### **The Seren Group**

Exchange House, The Old Post Office, High Street, Newport, NP20 1AA

Tel: 01633 679911

Email: [neil.barber@seren-group.co.uk](mailto:neil.barber@seren-group.co.uk)

#### **David James**

##### **Rural Housing Enabler Monmouthshire**

C/o Monmouthshire Housing Association, Nant-Y-Pia House, Mamhilad Technology  
Park, Mamhilad, Monmouthshire, NP4 0JJ

Tel: 07736 098103

Email: [david.james@rhe-monandpowys.co.uk](mailto:david.james@rhe-monandpowys.co.uk)

**APPENDIX 1**

**ACG Floor Areas**

## APPENDIX 1

### ACG Notional Floor Areas

Unit Type	Floor Area (Square Metres)
7 person 4 bed house	114
6 person 4 bed house	110
5 person 3 bed house	94
4 person 3 bed house	88
4 person 2 bed house	83
3 person 2 bed bungalow	58
3 person 2 bed flat (walk up)	65
3 person 3 bed flat (common access)	59
2 person 1 bed flat (walk up)	51
2 person 1 bed flat (common access)	46
5 person 3 bed bungalow (wheelchair)	115
4 person 2 bed bungalow (wheelchair)	98
3 person 2 bed bungalow (wheelchair)	80

1. Notional Floor Areas are provided as guidance on the expected floor areas that would be achieved if Development Quality Requirements (DQR) were implemented in full for each house or flat type listed.
2. NFAs are not a minimum size as the main criterion should be all designs comply with DQR and not merely achieve a notional floor area. House or flat designs with full DQR compliance can be achieved with floor areas below the notional figures and the degree of reduction will depend on the efficiency of the shape. It is not considered that anything less than 3/4 square metres smaller could possibly comply with DQR.

#### Calculation of Notational Floor Area (NFA)

1. Notional (or Net) Floor Area is measured to the internal finished surfaces of main containing walls on each floor, including private staircases, internal partitions, flues and ducts; it excludes external dustbin enclosures or stores, any porch open to the air or enclosed.
2. The measurement of floor area of common access flats excludes the area of the communal stairs and circulation space.
3. The measurement of floor areas of individual ground floor external access flats includes the area occupied by the staircase and entrance hall necessary to gain access to the first floor flat. The areas of the ground floor and upper floor flats (walk-up) shall be averaged in order to make comparisons against the notional floor areas shown above.
4. The floor area in rooms where the ceiling height is less than 1.50m is excluded.

**APPENDIX 2**

**Build Your Own Affordable Home**



## **BUILD YOUR OWN AFFORDABLE HOME**

### **Single plot rural exception sites explained**

#### **What are single plot rural exceptions sites?**

Monmouthshire County Council positively encourages local people to build their own affordable home to meet their own housing needs – so long as the site is in a recognisable rural settlement and its future value is controlled so that it remains affordable to other local people in the future. Sites may be permitted in rural areas outside existing settlement limits as an exception to the normal planning policies that restrict housing development in such areas.

#### **Is it only affordable housing which is allowed?**

Yes. We make an exception to normal planning policies only because there is a pressing need in Monmouthshire to help provide local people with affordable housing in rural areas. Open Market housing development continues to be strictly controlled outside existing settlement limits, as set out in the adopted Local Development Plan.

#### **So what is the catch?**

Single plot rural exception sites are only permitted with restrictions. These are:

- The value of the property is based on a standard cost of construction plus a nominal plot value. This typically works out at around 60% of open market value. A legal agreement is used to ensure that future sale of the property is capped at this percentage of market value forever. The value of the affordable property will then rise (or fall) directly in proportion to the housing market.
- The property cannot be larger than 100 square metre gross internal floor area. This includes any integral or attached garage. Normal permitted development rights will be removed so that express permission has to be sought for any future extensions.
- The house must be built to exacting quality and design standards, meeting the Lifetime Homes standards and satisfying the sustainable construction, energy and water efficiency aspects of level 3 of the Code for Sustainable Homes. It



must be sympathetically designed in relation to its setting, particularly as it is being granted permission as an exception to normal planning policies.

### Can anyone apply?

To obtain planning permission, the applicant must satisfy Monmouthshire County Council that:

- The site is in a suitable location.

And

- The initial occupier of the affordable home is in housing need and has a strong local connection.

### How do I apply for planning permission?

The application should be made by the prospective occupier of the proposed affordable dwelling. You need to do some groundwork before you make the planning application, contacting the following in this order:

1. First, you should contact the Senior Strategy and Policy Officer in Housing & Communities. This officer will liaise with the planning department on your behalf to establish whether your site is considered to be in a suitable location. Sites must be in locations that demonstrably form part of a recognisable named settlement. Please note that development in the open countryside, isolated from any recognisable settlement, will not be permitted.
2. If the site appears to have potential, the Senior Strategy and Policy Officer in Housing Services will arrange to interview you to establish whether or not you are in housing need and have a strong local connection. Existing homeowners with particular issues can still be eligible where it can be shown that their existing property is not suitable for their ongoing needs, and they have a strong local connection.
3. You will then be asked to approach your Community Council for confirmation of your local connection. At this stage, the Community Council should limit itself to confirming facts about the applicant's personal connection to the local area. When a planning application is made, the Community Council will be consulted in the normal manner for its comments on the proposed site and design.
4. Once you have obtained a preliminary "green light" from the above and you **are confident that you can fund the project**, you have some assurance that it is worthwhile employing an architect or builder to draw up your building plans. It is sensible to discuss the emerging design with the Planning Officer

before making your planning application, to establish whether it is likely to be found acceptable.

Finally, you are ready to make a planning application.

## The Application Process

### Who can apply?

Because planning permission is granted as an exception to normal policies, the Council must ensure that the affordable homes will genuinely meet local housing need. To do so, the Council will assess the housing need and the local connection of the prospective occupier. Consequently, applicants must normally be the prospective occupiers of the proposed dwelling. This does not prevent the applicant from using an agent to help them to submit the planning application.

Speculative applications from landowners and developers will not be successful, because they cannot identify with certainty the prospective occupants. The eligibility of the occupants is critical to the decision to allow development as an exception to normal planning policies.

#### **Step 1: contact the Senior Strategy & Policy Officer at Monmouthshire County Council, Housing & Communities**

**Mrs Shirley Wiggam  
Housing and Communities  
Monmouthshire County Council  
Ty'r Efail  
Lower Mill Field  
Pontypool  
NP4 0XJ**

**Tel: 01633 644474/07769 616662  
Email: shirleywiggam@monmouthshire.gov.uk**

#### **Step 2: contact your Community Council**

## **Build Your Own Affordable Home: Single Plot Rural Exception Sites**

It is recognised that in Monmouthshire the price of housing has risen to a level beyond that which many local people can afford. Therefore, the need for affordable housing is one of the Council's more pressing concerns, both in urban and rural areas.

The single plot rural exceptions scheme is a self-help solution that enables families to use their own resources to provide affordable housing that meets their needs within their community. The construction of such affordable housing is funded from householders' own resources, which can include the sale of existing property as well as through a commercial mortgage. Utilising the resources of those families who are able to provide new affordable housing to meet their own needs means that the local community benefits over the long term from an increased stock of local affordable homes.

Monmouthshire County Council is able to allow the development of affordable housing through the use of single plot rural exception sites under policy H7(Affordable Housing Rural Exceptions) of the existing adopted Local Development Plan.

### **Extracts from Monmouthshire County Council's Local Development Plan**

#### **Policy S1 – The Spatial Distribution of New Housing Provision**

The villages that are considered most likely to be suitable for single plot rural exception sites are those identified as Main and Minor Villages in Policy S1 of the Local Development Plan. Proposals in villages and hamlets not identified in Policy S1 of the Local Development Plan will not comply with Policy H7. These are minor settlements where new residential development will not normally be allowed because of their small size and sporadic nature and often because of the potential harm that development would cause to their open, rural character and/or sensitive landscape setting. Each proposal will be treated on its merits, however, and you are encouraged to discuss your site with the Senior Strategy and Policy Officer in Housing Services.

#### **Policy H7 – Affordable Housing Rural Exceptions**

**H7** Favourable consideration will be given to the siting of small affordable housing sites in rural areas adjoining the Rural Secondary Settlements, Main Villages and Minor Villages identified in Policy S1 that would not otherwise be released for residential development provided that all the following conditions are met:

- (a) The scheme would meet a genuine local need (evidenced by a properly conducted survey or by reference to alternative housing need data) which could not otherwise be met in the locality (housing needs sub-area);
- (b) Where a registered social landlord is not involved, there are clear and adequate arrangements to ensure that the benefits of affordable housing will be secured for initial and subsequent occupiers; and
- (c) The proposal would have no significant adverse impact on village form and character and surrounding landscape or create additional traffic or access problems.

With regard to criterion (a) the local need for single plot rural exceptions sites will be established through the tests set out in this information pack.

## Suitability of Location

Whilst wishing to address affordable housing needs in the rural areas, the Council must balance this with the need to promote sustainable patterns of development and to protect the open countryside from widespread development. In this respect, the Council considers that there will be cases where these wider environmental and sustainability interests will take precedence over the economic and social sustainability issues surrounding affordable housing.

## Design

Proposals for single plot rural exception sites will need to comply with the current adopted Local Development Plan policies. As these potential sites will usually be outside the areas normally considered suitable for residential development, it is especially important to achieve an appropriate design. In this respect, full applications will be required for single plot rural exception sites and an early dialogue with Planning Officers is therefore essential.

### Policy DES 1 – General Design Considerations

**DES1** All development should be of a high quality sustainable design and respect the local character and distinctiveness of Monmouthshire's built, historic and natural environment. Development proposals will be required to:

- (a) Ensure a safe, secure, pleasant, and convenient environment that is accessible to all members of the community, supports the principles of community safety and encourages walking and cycling;
- (b) Contribute towards sense of place whilst ensuring that the amount of development and its intensity is compatible with existing uses.
- (c) Respect the existing form, scale, siting, massing, materials and layout of its setting and any neighbouring quality buildings.

- (d) Maintain reasonable levels of privacy and amenity of occupiers of neighbouring properties where applicable.
- (e) Respect built and natural views and panoramas where they include historical features and/or attractive or distinctive built environment or landscape.
- (f) Use building techniques, decoration, styles and lighting to enhance the appearance of the proposal having regard to texture, colour, pattern, durability and craftsmanship in the use of materials.
- (g) Incorporate existing features that are of historical, visual or nature conservation value, and use the vernacular tradition where appropriate.
- (h) Include landscape proposals for new buildings and land uses in order that they integrate into their surroundings, taking into account the appearance of the existing landscape and its intrinsic character, as defined through the LANDMAP process. Landscaping should take into account, and where appropriate retain, existing trees and hedgerows;
- (i) Make the most efficient use of land compatible with the above criteria, including that the minimum net density of residential development should be 30 dwellings per hectare, subject to criterion (l) below;
- (j) Achieve a climate responsive and resource efficient design. Consideration should be given to location, orientation, density, layout, built form and landscaping and to energy efficiency and the use of renewable energy, including materials and technology;
- (k) Foster inclusive design;
- (l) Ensure that existing residential areas characterised by high standards of privacy and spaciousness are protected from overdevelopment and insensitive or inappropriate infilling.

Where an applicant owns land which could provide a number of possible sites, the Council will seek to utilise the most environmentally sustainable and appropriate site as advised by the Council. Applicants are therefore strongly advised to discuss the alternatives at an early stage, and follow the advice given by the case Planning Officer.

## **Layout**

The dwelling size should not exceed 100 square metre gross internal floor space (i.e. a simple measurement of floor space between internal walls) and overall plot size

must be appropriate in terms of the general pattern of development in the surrounding area, but not normally exceeding 0.1 ha.

Sites which form part of the curtilage of an existing property must provide an appropriately sized plot for the new dwelling. In this respect, it will be important to achieve a ratio of dwelling size to overall plot size which is in keeping with surrounding properties. Such sites must also respect the existing character and setting of the original property, so as not to adversely alter the character or create a cramped form of development.

Materials of construction should be sympathetic to those in use locally.

Attached garages will count against the 100 square metres. It is appreciated, however, that there will generally be a need for garaging and for ancillary buildings to store gardening equipment, garden furniture etc. The size of such outbuildings will be strictly controlled. Detached garages of appropriate dimensions and height may be permitted if they are not intrusive upon the wider locality, reflect the local rural vernacular in both style and materials and remain subordinate to, and do not detract from, the character and appearance of the main dwelling. They should be sited as unobtrusively as possible, to the side or rear of the dwelling. Outbuildings should be modest in size and sensitively located.

Applications for single plot rural exception sites should include details of any proposed garages and outbuildings in order that the overall impact of a scheme can be fully assessed. The Council will need to be satisfied at the time of the original application that adequate ancillary garages and storage space can be achieved for the dwelling in order to avoid pressure for further, possibly harmful, development at some future date. If overlarge outbuildings are required then this could result in a reduction in the size of dwelling that might be allowable if this is necessary to limit the overall impact of the development in the landscape.

## **Housing Need and Strong Local Connection**

Applicants will need to demonstrate that they are unable to afford a suitable home currently available in the locality.

Housing need is demonstrated if the household unit has no home of its own, or is renting from a housing association but would like to become an owner-occupier, or is in unsuitable accommodation. For example:

- the current housing may be too large or too small for the household
- be in a poor state of repair
- be too costly for the household to maintain or sustain.

- be in a location that is a long way from existing employment, schools or support networks and that the cost or availability of transport is prohibitive to the particular household

Strong local connections with the settlement in question will need to be demonstrated by the household (Appendix A). These include working locally, residing locally, or having family members who need support in the local area.

Assessments of whether a household is in housing need or not, has strong local connections and is unable to afford a suitable home in the locality will be made by the Council's Housing Services following completion of a standard form and submission of supporting documentation. Applicants will be expected to be proactive in obtaining confirmation of their local connection from the Community Council.

Purchasers of the property in the future must also meet the local needs criteria in Appendix A. As a requirement of the section 106 legal agreement, the property cannot change hands without the written consent of Monmouthshire County Council. This will only be forthcoming if the Council is satisfied that the new purchaser has a strong local connection as defined in the section 106 legal agreement.

### **Affordable in Perpetuity**

Rural exception sites are permitted in order to benefit the long term sustainability of the community, and as such it is important that the property remains affordable for successive occupiers for the lifetime of the building. To achieve this, the model section 106 legal agreement in Appendix C puts a Restriction on the Title of the property, to the effect that the property cannot change hands without the written consent of Monmouthshire County Council. The Land Registry will effectively enforce this provision, as it will not be possible for a solicitor to register a new ownership with the Land Registry without the appropriate letter from Monmouthshire County Council.

A draft section 106 legal agreement should be submitted with the planning application, with agreed heads of terms in accordance with those attached at Appendix C. The section 106 agreement must be ready for all parties to sign by the time the application is ready for decision by the Council.

The "formula price" of the affordable property will be determined by the cost of construction as set out on page 10 of this pack, plus a nominal plot value of £10,000, expressed as a percentage of open market value. Extraordinary construction costs will only be taken into account at the discretion of the local planning authority, where such costs can be robustly justified as unavoidable.

The future sale of the property will be subject to the fixed percentage of open market value as detailed in the section 106 agreement. There is no scope for it to enter into the open housing market without recycling of proceeds.

In order to ensure that dwellings remain affordable, a dwelling size restriction will be imposed. The size of dwellings will normally be restricted to no more than 100 square metre gross internal floor space, with a curtilage not exceeding 0.1 ha.

Furthermore, permitted development rights to extend properties in the future will be removed by planning condition, in order to ensure that the Council retains control over the future affordability of the property. Future values will, in any event, be based on original floor space and exclude later additions.

### **Standard Conditions for Rural Exception Sites**

In order to provide a consistent and manageable approach to rural exception sites. Monmouthshire County Council proposes to use standard conditions on all rural exception sites that ensure:

- sustainable construction, energy and water efficiency aspects equivalent to level 3 of the Code for Sustainable Homes will apply to **all** schemes
- meeting Lifetime Homes Standards will apply to **all** schemes

### **Standard Conditions for Single Plot Rural Exception Sites**

In addition, standard conditions for single plot rural exception sites will include:

- restrictions on size of the property (to not exceed 100 square metres)
- removal of permitted development rights so that express permission has to be sought for any future extension, including garage and carport extensions

In the majority of cases, 100 square metres is adequate for a family of five persons. Larger properties are, by definition, more expensive and run counter to the primary aim of ensuring affordability.

Permitted development rights of the affordable dwellings will normally be removed to ensure that properties are not extended or altered in any way as to increase values beyond an affordable level. Exceptions will only be made where clearly justified. The normal permitted development rights will not prevent consideration of adaptations or extensions in certain circumstances, for instance, where required by an occupant with disabilities or to accommodate appropriate extensions for family growth.

The Council recognises that some households will need more space, for example to cater for very large families. Where an application is received to amend or remove a



standard condition, the applicant will be expected to demonstrate that the household's needs are genuine. The national definition of overcrowding (Appendix C) will be a factor in assessing what size of property is justified. The needs of disabled residents for physical space (for wheelchairs, etc.) will also be taken into account.

## Site Suitability Guidelines

The Local Development Plan (LDP) enables Monmouthshire County Council to allow affordable housing on sites that would not obtain planning permission for open market housing, as an exception to normal planning policies.

The site, however, must be in a location that demonstrably forms part of a recognisable named settlement. Sites that would constitute isolated or sporadic development, or which would adversely affect the landscape or rural character, are not considered acceptable and will be refused planning permission in line with existing LDP policies.

## Calculating the Formula Price

Affordable housing that is granted as an exception to normal planning policies must remain affordable for ever. This is achieved through a section 106 legal agreement, which defines what the “formula price” is for the affordable property.

The price for affordable housing that is built on single plot rural exception sites is calculated from standard construction costs and a nominal plot value. This is expressed as a percentage of market value to create the “formula price”.

The **nominal plot (land) value** applied is **£10,000** per building plot.

The **standard Cost of Construction** that applies is **£1,300** per square metre.

These figures apply regardless of the actual build or land cost. The combined total of these figures is the initial affordable value.

The initial affordable value is then converted into a percentage of the property’s potential Open Market Value (i.e. the property’s value if it were not subject to the affordability restrictions in the section 106 legal agreement). This percentage is the “**formula price**”.

The formula price determines how much the property could be sold for in the future. As it is a percentage of open market value, it will go up or down in line with market prices.

### Worked Example

In this example, the affordable property is a 2 bed house of 70 square metres in size. The value is based on the gross internal floor space (i.e. a simple measurement of the floor space between the internal walls. Each floor of the property is included – in our example, the ground floor is 35 square metres and the first floor is 35 square metres.

One builder has quoted £81,000, another builder has quoted £85,000 and a third builder has quoted £97,000. The actual construction price is irrelevant, because the property’s affordable value is based on a formula price. Instead the affordable value will be calculated as follows. The formula for the initial affordable value is: standard cost of construction x floor space + nominal plot value:

$$\begin{aligned}
 &= (\mathbf{£1,300 \times 70 \text{ sqm}}) + \mathbf{£10,000} \\
 &= \mathbf{£91,000 + £10,000} \\
 &= \mathbf{£101,000}
 \end{aligned}$$

Let us assume that the market value for a 2 bed property in this location is £165,000 (actual value to be based on an independent surveyor’s/estate agent’s valuation of the property).

Formula price equals nominal cost as a proportion of market value:

$$\begin{aligned}
 &= \mathbf{£101,000/£165,000} \\
 &= \mathbf{61.2\%}
 \end{aligned}$$

The section 106 legal agreement would therefore specify the formula price as 61.2% of open market value. Future sale of the property must be at 61.2% of whatever the open market value is at that point in time. Thus the property will go up or down in value in line with market prices.

## If You Need to Sell in the Future

The value of the property is set in the section 106 legal agreement, as a percentage of open market value.

Resale of the property must be to a marketing plan that has been agreed with the Council, as required by the legal agreement. It must be offered for sale at the formula price for six months. Persons wishing to purchase the property must meet the Council's criteria for being in housing need (see Appendix A).

Over six months, the pool of potential purchasers widens from the local area, then Monmouthshire-wide, then to the Council or one of the Council's nominated partners and finally to anyone else. This is known as the cascade mechanism. The details of which are specified in the section 106 legal agreement for the property.

In the highly unlikely event of an owner being unable to sell at the formula price in this six month period, he/she may apply to have the formula price removed. If the Council agrees to its removal, then half of the difference between the affordable and the open market value will be recouped by the Council and used towards the provision of affordable housing elsewhere.

These requirements have been reached in discussion with mortgage lenders to ensure that they satisfy most mortgage lenders' criteria. They provide a balance between trying to ensure that affordable properties remain affordable in perpetuity, prioritising local people, and minimising the financial risks for lenders.

## Lifetime Homes Standards

All affordable homes must be built to the lifetime homes standard to ensure that they are accessible and can be easily adapted should their occupiers experience mobility difficulties in the future. Homes built to this standard are "future-proofed" not only for the potential needs of their occupiers, but also for the needs of visiting friends and relatives. The Lifetime Homes standard requires the following:

### Access

1. Where car parking is adjacent to the home, it should be capable of enlargement to attain 3.3metres width.
2. The distance from the car parking space to the home should be kept to a minimum and should be level or gently sloping.
3. The approach to all entrances should be level or gently sloping (Gradients for paths should be the same as for public buildings in the Building Regulations).
4. All entrances should be illuminated and have level access over the threshold and the main entrance should be covered.

5. Where homes are reached by a lift, it should be wheelchair accessible.

### **Inside the Home**

6. The width of internal doorways and halls should conform to Part M of the Building Regulations, except where approach is not head on and the hallway is less than 900mm clear width, in which case the door should be 900mm rather than 800mm wide. Entrance level doorways should have a 300mm nib or wall space adjacent to the leading edge of the door.
7. There should be space for the turning of wheelchairs in kitchens, dining areas and sitting rooms and adequate circulation space for wheelchair users elsewhere.
8. The sitting room (or family room) should be at entrance level.
9. In houses of two or more storeys, there should be space on the ground floor that could be used as a convenient bed space.
10. There should be a downstairs toilet which should be wheelchair accessible, with drainage and service provision enabling a shower to be fitted at any time.
11. Walls in bathrooms and toilets should be capable of taking adaptations such as handrails.
12. The design should incorporate provision for a future stair lift and a suitably identified space for potential installation of a through-the-floor lift from the ground to the first floor, for example to a bedroom next to the bathroom.
13. The bath/bedroom ceiling should be strong enough, or capable of being made strong enough, to support a hoist at a later date. Within the bath/bedroom wall provision should be made for a future floor to ceiling door, to connect the two rooms by a hoist.
14. The bathroom layout should be designed to incorporate easy access probably from a side approach, to the bath and WC. The wash basins should also be accessible.

### **Fixtures and Fittings**

15. Living room window glazing should begin at 800mm or lower, and windows should be easy to open/operate.
16. Switches, sockets and service controls should be at a height usable by all (i.e. between 600mm and 1200mm from the floor).

## Do you qualify for affordable housing?

The Council wishes to make it as easy as possible for residents to be able to find out if they qualify for the 'Build Your Own Single Plot' affordable home.

### Applicants must demonstrate:

That they have a suitable plot of land (this is assessed by a planning officer)

That they are in need of a house in the area and would contribute towards community sustainability

That they have strong local connections and need to live in the area where they propose to build

That they are unable to secure a suitable home currently available on the open market

### What are the main housing need, local connection and affordability qualification criteria?

Local Housing Need	Strong Local Connections & Need to Live in the Local Area	Affordability and Availability of Housing in the Area
<ul style="list-style-type: none"> <li>• No home of your own – e.g. living with your parents</li> <li>• Current housing not suitable for current needs</li> <li>• Housing Association tenant but would like to become an owner-occupier</li> </ul>	<ul style="list-style-type: none"> <li>• Parents are permanent residents in the area</li> <li>• Parents were permanently resident in the area at the time of the applicants birth and applicant was a permanent resident of the area for 5 continuous years as a child</li> <li>• Currently living in the area and have been for 5 continuous years</li> <li>• Currently employed in the area</li> <li>• Have an offer of work in the area</li> <li>• Applicant needs to live in the area to care for a relative or receive support/childcare</li> </ul>	<ul style="list-style-type: none"> <li>• If buying your mortgage should not be more than 25% of your gross household income</li> <li>• If renting, your rent should be less than 25% of your income</li> <li>• Your total household income is not large enough to buy a suitable house on the open market</li> <li>• There are no suitable properties in the area</li> </ul>

For more information please contact Shirley Wiggam, Senior Strategy & Policy Officer on 01633 644474

**APPENDIX 3**

**Rural Allocations Policy**



## **Affordable Housing**

# **Rural Allocations Policy**

The purpose of the policy is to ensure that homes developed for local people are allocated as intended. This policy is to be used in addition to both Monmouthshire County Council's Common Allocations Policy and any other or succeeding allocations policy for letting of affordable housing in Monmouthshire.

The Registered Social Landlord requires assurance for its future business security that the local connection policy will not be allowed to cause empty properties. There is flexibility built into this policy to allow a broadening of both occupancy levels and geographical connection in order to allow properties to be tenanted swiftly and therefore ensure that the affordable housing resource is utilised.

The Rural Allocations Policy will be used to allocate the first 10 homes on all new housing sites and on all subsequent lettings of these properties (once identified via the first round of lettings) in rural areas of Monmouthshire other than:

- The main settlements of Abergavenny, Caldicot, Chepstow, Monmouth and Usk (Abergavenny includes the waiting list areas of Mardy and Croesonnen and the settlement of Monmouth includes the waiting list area of Wyesham)

### **Geographical Criteria**

The aim of this policy is to ensure that households with strong links to rural areas are given the opportunity to remain in these communities thus helping to maintain sustainability in the future. The local qualification will be based on villages within the Community Council boundary where the properties are located and then will cascade out to the immediately adjoining communities using community council boundaries.

As there are some rural areas in Monmouthshire where development is unlikely due to land supply and topography, the Council reserves the right to widen qualification to a neighbouring Community Council on occasions where there is a proven local need.



## **Under Occupation**

Priority will be given to applicants who have a local connection and who fully occupy a property in line with local housing allowance size criteria. One spare room will be considered whereupon a tenancy is affordable or there are exceptional circumstances. In the case where there are more applications received that meet the rural housing lettings criteria than there are properties to allocate, these applications will then be assessed to the current allocation policy.

## **Rural Housing Lettings Criteria**

In priority order:

1. Applicants who have lived in the community (defined as the Community Council area) for a continuous period of at least 5 years at the time of application and are owed a reasonable preference as defined by the Housing Act 1996.
2. Applicants who have lived in the community (defined as the Community Council area) for a continuous period of at least 5 years at the time of application and who need to live in the community in order to provide support to a dependent child or adult or to receive support from a principal carer.
3. Applicants who have lived in the community (defined as the Community Council area) for a continuous period of at least 5 years at the time of application and who are principally (> 20 hours per week) employed in the community (defined as the Community Council area).
4. Applicants who have lived in the community (defined as the Community Council area) for a continuous period of at least 5 years at the time of application or those who have lived in the community for a period of five years but have had to move out of the area to access accommodation.
5. Applicants who have previously lived in the community for a period of at least 5 years and who need to move to the community in order to provide support to a dependent child or adult or to receive support from a principal carer.
6. Applicants who have been principally (> 20 hours per week) employed in the community (defined as the Community Council area) for a continuous period of at least 5 years.
7. Applicants who have previously lived in the community for a period of at least 5 years.
8. Applicants with a firm offer of employment in the community and who would otherwise be unable to take up the offer because of a lack of affordable housing.

Applicants will be prioritised using the above criteria, however, if more than one applicant has the same priority, the applicant who has lived (or previously lived) in the Community Council area for the longest will be given priority. Applicants who have the same priority and who will be fully occupying the property will be given priority over those applicants who have the same priority and who will be under-occupying.

In the event there is no suitable [insert Community Council] applicant, these criteria will then be applied in the same order to applicants from immediately adjoining communities as set out above. Should there be no suitable applicant from the Community Council area where the properties are located or from the immediately

Reviewed 11<sup>th</sup> January 2013

adjoining Community Council areas then the properties will be allocated to applicants with a connection to Monmouthshire in line with the Monmouthshire Homesearch Allocations Policy.

**It should be noted however that the Council reserves the right to nominate applicants for rural vacancies, who do not meet the above criteria, where it is considered that the circumstances of the individual case warrant special consideration. Such cases can only be considered for the offer once the decision has been agreed by the Common Housing Register Operational Sub Group and the Head of Housing and Communities.**

### **Evidence of Local Connection**

In all cases, the applicant will be expected to demonstrate their local connection, for example by providing service bills, bank statements, medical registration documents and so forth. Applicants living at home with parents and looking to leave home for the first time would be expected to provide evidence to show that they have local criteria which may include evidence that their parents have achieved the local connection.

Applicants not living in the Community, but who are applying for reasons of employment must provide evidence to show that they are principally employed within the area, including the date of commencement of employment and confirmation from their employer of employment status, and whether this is likely to continue for the foreseeable future.

Applicants will also be asked to consent to the landlord making enquiries of the electoral register and council tax records should it be necessary to confirm local connection.

### **Future Voids**

The properties identified for each site will remain ear marked for all future lettings. Therefore all future lettings for these properties will also be carried out as per this policy.

### **Monitoring**

The Council will ensure that lettings through this policy will not dominate the main allocation scheme. The Rural Allocations Policy will be monitored on an ongoing basis to ensure that overall reasonable preference for allocation in Monmouthshire is given to applicants in the reasonable preference groups.

The policy will also be monitored in order to assess its impact, the outcome of which will be regularly reported.

The policy will also be monitored to ensure that void properties are re-let to qualifying households who satisfy the Rural Allocations Policy.

**APPENDIX 4**

**Draft Standard Section 106 Agreement for Affordable Housing Financial Contributions**

**DATED**

-----

**PLANNING OBLIGATION UNDER SECTION 106 OF THE TOWN AND  
COUNTRY PLANNING ACT 1990 ( AS AMENDED) RELATING TO LAND AT  
[ADDRESS]**

between

**COUNCIL**

and

**OWNER**

and

**[MORTGAGEE]**

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THIS DEED is dated [DATE]

- (1) [NAME OF COUNCIL] of [ADDRESS OF COUNCIL] (**Council**).
- (2) [NAME OF OWNER] of [ADDRESS OF OWNER] (**Owner**).
- (3) [[FULL COMPANY NAME] incorporated and registered in England and Wales with company number [NUMBER] whose registered office is at [REGISTERED OFFICE ADDRESS] (**Mortgagee**).]

## **BACKGROUND**

- (A) The Council is the local planning authority for the purposes of the TCPA 1990 for the area in which the Property is situated.
- (B) The Owner is the freehold owner of the Property [subject to a mortgage in favour of the Mortgagee but otherwise] free from encumbrances.
- (C) The Owner has made the Planning Application and is proposing to carry out the Development.
- (D) [The Mortgagee is the registered proprietor of the charge dated [DATE] referred to in entry number [NUMBER] of the charges register of Title number [NUMBER] and has agreed to enter into this deed to give its consent to the terms of this deed.]
- (E) The Council having regard to the provisions of the [Local Plan **OR** Unitary Development Plan] and to all other material considerations resolved that Planning Permission should be granted for the Development subject to the prior completion of this deed.
- (F) The parties have agreed to enter into this Agreement with the intention that the obligations contained in this Agreement may be enforced by the Council against all Owners, the Developer and their respective successors in title.

## **AGREED TERMS**

### **1. INTERPRETATION**

The following definitions and rules of interpretation apply in this deed:

#### 1.1 Definitions:

**Affordable Housing:** social rented, intermediate rented and low cost home ownership, provided to eligible households, the total cost (including service charges) of which will be available and affordable to persons whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for subsidy to be recycled for alternative affordable housing provision as set out in schedules 2 and 3.

**Base Rate:** the higher of [5%] and the base rate from time to time of Barclays Bank plc.

**Commencement of Development:** the carrying out in relation to the Development of any material operation as defined by section 56(4) of the TCPA 1990 [but disregarding for the purposes of this deed and for no other purpose, the following operations: demolition works; site clearance; ground investigations; site survey works; temporary access construction works; archaeological investigation; and erection of any fences and hoardings around the Property.]

**Completion of Development:** the issuing of a compliance certificate for this development issued under either regulation 17 (completion certificates) of the Building Regulations or section 51 of the Building Act 1984 (final certificates)

**Commence and Commences** shall be construed accordingly.

**Commencement Date:** the date Development Commences.

**Default Interest Rate:** 4% per annum above the Base Rate.

**Development:** the development of the Property authorised by the Planning Permission.

**Development Site:** the land at [DESCRIPTION OR ADDRESS] shown edged red on the Plan and registered at HM Land Registry with absolute title under title number(s) [NUMBER[S]].]

**Form 1:** Self Build Exemption Claim Form to be submitted prior to completion of the Development.

**Form 2:** Self Build Exemption Claim Form to be submitted within 6 months of occupation of the self-build dwelling.

**Index Linked:** increased in accordance with the following formula:

Amount payable = the payment specified in this deed x (A/B) where:

A= the figure for the [Retail Prices Index (All Items)] that applied immediately preceding the date the payment is due.

B= the figure for the [Retail Prices Index (All Items)] that applied when the index was last published prior to the date of this deed.

**Occupation and Occupied:** occupation for the purposes permitted by the Planning Permission.

**Plan:** the plan attached as Annex A.

**Planning Application:** the application for [FULL OR OUTLINE] planning permission registered by the Council on [DATE] under reference number [NUMBER].

**Planning Permission:** the planning permission to be granted by the Council in respect of the Planning Application [in the draft form attached as Annex B].

**Retail Price Index:** the retail price index compiled and published by the Office of National Statistics

**Self Build:** all homes built or commissioned by individuals or groups of individuals for their own use, either by building the home on their own or working with builders.

**TCPA 1990:** Town and Country Planning Act 1990.

**VAT:** value added tax chargeable under the Value Added Tax Act 1994 and any similar replacement tax and any similar additional tax.

**Working Day:** any day which is not a Saturday, a Sunday, a bank holiday or a public holiday in Wales

- 1.2 Clause headings shall not affect the interpretation of this deed.
- 1.3 A **person** includes a natural person, corporate or unincorporated body (whether or not having separate legal personality).
- 1.4 A reference to a **company** shall include any company, corporation or other body corporate, wherever and however incorporated or established.
- 1.5 Unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular.
- 1.6 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.
- 1.7 A reference to any party shall include that party's personal representatives, successors and permitted assigns and in the case of the Council the successors to its respective statutory functions.
- 1.8 Unless the context otherwise requires, a reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time.
- 1.9 Unless the context otherwise requires, a reference to a statute or statutory provision shall include any subordinate legislation made from time to time under that statute or statutory provision.
- 1.10 A reference to **writing** or **written** [includes fax but not e-mail **OR** excludes faxes and e-mail].
- 1.11 A reference to **this deed** or to any other deed or document referred to in this deed is a reference to this deed or such other deed or document as varied or novated (in each case, other than in breach of the provisions of this deed) from time to time.
- 1.12 References to clauses and Schedules are to the clauses and Schedules of this deed.



- 1.13 An obligation on a party not to do something includes an obligation not to allow that thing to be done.
- 1.14 Any words following the terms **including, include, in particular, for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.15 Where an obligation falls to be performed by more than one person, the obligation can be enforced against every person so bound jointly and against each of them individually.

## **2. STATUTORY PROVISIONS**

- 2.1 This deed constitutes a planning obligation for the purposes of section 106 of the TCPA 1990, section 111 of the Local Government Act 1972, [section 1 of the Localism Act 2011 **OR** section 2 of the Local Government Act 2000] and any other enabling powers.
- 2.2 The covenants, restrictions and obligations contained in this deed are planning obligations for the purposes of section 106 of the TCPA 1990 and are entered into by the Owner with the intention that they bind the interests held by those persons in the Property and their respective successors and assigns.
- 2.3 The covenants, restrictions and obligations contained in this deed are enforceable by the Council in accordance with section 106 of the TCPA 1990.

## **3. CONDITIONALITY**

With the exception of clauses 2, 3, [7],10,11, 13, 16, 17, 19, 20, 21, 22 and 24 [OTHER RELEVANT CLAUSES] (which take effect immediately), this deed is conditional on the grant and issue of the Planning Permission.

## **4. COVENANTS TO THE COUNCIL**

The Owner [and the Mortgagee] covenant[s] with the Council to:

- (a) observe and perform the covenants, restrictions and obligations contained in Schedule 1.
- (b) give at least [NUMBER] Working Days written notice to the Council of the intended Commencement Date.

**5. COVENANTS BY THE COUNCIL**

The Council covenants with the Owner to observe and perform the covenants, restrictions and obligations contained in Schedule 2.

**6. INDEXATION**

6.1 All financial contributions payable to the Council shall be Index Linked.

6.2 Where reference is made to an index and that index ceases to exist or is replaced or rebased then it shall include reference to any index which replaces it or any rebased index (applied in a fair and reasonable manner to the periods before and after rebasing under this deed) or in the event the index is not replaced, to an alternative reasonably comparable basis or index as the Council shall advise the Owner in writing.

**7. [MORTGAGEE'S CONSENT**

7.1 The Mortgagee consents to the completion of this deed and declares that its interest in the Property shall be bound by the terms of this deed as if it had been executed and registered as a land charge prior to the creation of the Mortgagee's interest in the Property.

7.2 The Mortgagee shall not be personally liable for any breach of the obligations in this deed unless committed or continuing at a time when the Mortgagee is in possession of all or any part of the Property.]

**8. RELEASE**

No person shall be liable for any breach of a covenant, restriction or obligation contained in this deed after parting with all of its interest in the Property, except in respect of any breach subsisting prior to parting with such interest.

**9. DETERMINATION OF DEED**

The obligations in this deed (with the exception of clause 11) shall cease to have effect if before the Commencement of Development, the Planning Permission:

- (a) expires;
- (b) is varied or revoked other than at the request of the Owner; or
- (c) is quashed following a successful legal challenge.

**10. LOCAL LAND CHARGE**

This deed is a local land charge and shall be registered as such by the Council.

**11. COUNCIL'S COSTS**

The Owner shall pay to the Council on or before the date of this deed:

- (a) the Council's reasonable and proper legal costs together with all disbursements incurred in connection with the preparation, negotiation, completion and registration of this deed.
- (b) the sum of £[AMOUNT] as a contribution towards the Council's costs of monitoring the implementation of this deed.

**12. INTEREST ON LATE PAYMENT**

If any sum or amount has not been paid to the Council by the date it is due, the Owner shall pay the Council interest on that amount at the Default Interest Rate (both before and after any judgment). Such interest shall accrue on a daily basis for the period from the due date to and including the date of payment.

**13. OWNERSHIP**

13.1 The Owner warrants that no person other than the Owner [and the Mortgagee] has any legal or equitable interest in the Property.

13.2 [Until the covenants, restrictions and obligations in Schedule 1 have been complied with, the Owner will give to the Council within [NUMBER] Working Days, the following details of any conveyance, transfer, lease, assignment, mortgage or other disposition entered into in respect of all or any part of the Property:

- (a) the name and address of the person to whom the disposition was made; and
- (b) the nature and extent of the interest disposed of.]

**14. REASONABLENESS**

Any approval, consent, direction, authority, agreement or action to be given by the Council under this deed shall not be unreasonably withheld or delayed.

**15. CANCELLATION OF ENTRIES**

15.1 On the written request of the Owner at any time after each or all of the obligations have been performed or otherwise discharged (and subject to the payment of the Council's reasonable and proper costs) the Council will issue a written confirmation of such performance or discharge.

15.2 Following the performance and full satisfaction of all the terms of this agreement or if this deed is determined pursuant to clause 9 (and subject to the payment of the Council's reasonable and proper costs and charges) the Council will on the written

request of the Owner cancel all entries made in the local land charges register in respect of this deed.

**16. DISPUTES**

Any dispute, controversy or claim arising out of or relating to this deed, including any question regarding its breach, existence, validity or termination or the legal relationships established by this deed, shall be finally resolved by arbitration in accordance with the Arbitration Act 1996. It is agreed that:

- (a) the tribunal shall consist of [one] arbitrator appointed jointly by the parties;
- (b) in default of the parties' agreement as to the arbitrator, the arbitrator shall be appointed on either party's request by the President for the time being of the Royal Institution of Chartered Surveyors;
- (c) the costs of the arbitration shall be payable by the parties in the proportions determined by the arbitrator (or if the arbitrator makes no direction, then equally); and
- (d) the seat of the arbitration shall be [London].

**17. NO FETTER OF DISCRETION**

Nothing (contained or implied) in this deed shall fetter or restrict the Council's statutory rights, powers, discretions and responsibilities.

**18. WAIVER**

No failure or delay by the Council to exercise any right or remedy provided under this deed or by law shall constitute a waiver of that or any other right or remedy. No single or partial exercise of such right or remedy shall prevent or restrict the further exercise of that or any other right or remedy.

**19. FUTURE PERMISSIONS**

Nothing in this agreement shall prohibit or limit the right to develop any part of the Property in accordance with any planning permission (other than the Planning Permission or modification, variation or amendment thereof) granted after the date of the Planning Permission.

**20. AGREEMENTS AND DECLARATIONS**

The parties agree that:

- (a) nothing in this deed constitutes a planning permission or an obligation to grant planning permission; and

- (b) nothing in this deed grants planning permission or any other approval, consent or permission required from the Council in the exercise of any other statutory function.

**21. NOTICES**

21.1 Any notice [or other communication] to be given under this deed must be in writing and must be:

- (a) delivered by hand; or
- (b) sent by pre-paid first class post or other next working day delivery service.

21.2 Any notice [or other communication] to be given under this deed must be sent to the relevant party as follows:

- (a) to the Council at [ADDRESS] marked for the attention of [NAME/POSITION];
- (b) to the Owner at [ADDRESS] marked for the attention of [NAME/POSITION];
- (c) [to the Mortgagee at [ADDRESS] marked for the attention of [NAME/POSITION]]

or as otherwise specified by the relevant party by notice in writing to each other party.

21.3 Any notice [or other communication] given in accordance with clause 21.1 and clause 21.2 will be deemed to have been received:

- (a) if delivered by hand, on signature of a delivery receipt [or at the time the notice or document is left at the address] provided that if delivery occurs before 9.00 am on a Working Day, the notice will be deemed to have been received at 9.00 am on that day, and if delivery occurs after 5.00 pm on a Working Day, or on a day which is not a Working Day, the notice will be deemed to have been received at 9.00 am on the next Working Day; or
- (b) if sent by pre-paid first class post or other next working day delivery service, at [9.00 am] on the [second] Working Day after posting.

21.4 A notice given under this deed shall not be validly given if sent by fax or e-mail.

21.5 This clause does not apply to the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.

**22. THIRD PARTY RIGHTS**

A person who is not a party to this deed shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this deed.

**23. VALUE ADDED TAX**

23.1 Each amount stated to be payable by the Council or the Owner to the other under or pursuant to this deed is exclusive of VAT (if any).

23.2 If any VAT is at any time chargeable on any supply made by the Council or the Owner under or pursuant to this deed, the party making the payment shall pay the other an amount equal to that VAT as additional consideration on receipt of a valid VAT invoice.

**24. GOVERNING LAW**

This deed and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales as it applies in Wales.

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

The common seal of  
MONMOUTHSHIRE  
COUNTY COUNCIL  
was affixed to this document in the presence  
of:

Member of Council

Authorised signatory

Signed as a deed by [NAME OF OWNER] in the presence of:

.....

.....  
[SIGNATURE OF WITNESS]  
[NAME, ADDRESS [AND OCCUPATION] OF WITNESS]

[SIGNATURE OF OWNER]

Executed as a deed by [NAME OF MORTGAGEE] acting by [NAME OF FIRST DIRECTOR], a director and [NAME OF SECOND DIRECTOR OR SECRETARY], [a director **OR** its secretary]

.....

[SIGNATURE OF FIRST DIRECTOR]

Director

.....

[SIGNATURE OF SECOND DIRECTOR OR SECRETARY]

[Director **OR** Secretary]

**OR**

Executed as a deed by [NAME OF MORTGAGEE] acting by [NAME OF DIRECTOR], a director, in the presence of:

.....

[SIGNATURE OF DIRECTOR]

Director

.....  
[SIGNATURE OF WITNESS]  
[NAME, ADDRESS [AND OCCUPATION] OF WITNESS]

## **Schedule 1 Owner's Covenants to the Council**

### **1. AFFORDABLE HOUSING CONTRIBUTION**

On or before the date of completion or the date of occupation (whichever is the earliest) to pay to the Council the sum of £[AMOUNT] towards the cost of providing off site affordable housing within Monmouthshire.

The Owner covenants that should they successfully claim exemption (as self-build applicants) through submitting forms 1 and 2 that they will remain liable for this payment if they do not reside at the dwelling for a minimum of 3 years from the date upon which occupation commenced.



## **Schedule 2 Covenants by the Council**

### **1. AFFORDABLE HOUSING CONTRIBUTION**

- 1.1 Not to use any part of the Contribution other than for the purposes for which it was paid (whether by the Council or another party).
- 1.2 In the event that the Contribution has not been spent or committed for expenditure by the Council within 5 years following the date of receipt of the Contribution the Council shall refund to the Owner any part of the Contribution which has not been spent or committed for expenditure, together with any accrued interest.
- 1.3 The Council covenants that upon receipt of Form 1 prior to the completion of the development that the development or part of the development consists of a self-build dwelling for occupation by the Owner that the Council will not request the Affordable Housing Contribution in respect of that dwelling on the due date and payment shall be deferred pending receipt of Form 2 from the Owner.
- 1.4 Form 2 must be submitted within 6 months of occupation of the potentially exempt dwelling with evidence that it is the Owner's primary residence as set out in Form 2. Should Form 2 not be received the Owner will remain liable for the contribution.
- 1.5 If Form 2 is submitted and the Owner occupies the dwelling for a minimum of 3 years the Council shall vary the s106 Agreement to reflect that the identified dwelling will not attract the contribution.

**Annex A. Plan**

**Annex B. Draft Planning Permission**

**Annex C. Self-Build Exemption Claim Forms 1 and 2**

# Self Build Exemption Claim Form 1

An exemption for a self build home must be granted prior to the completion of the development. Notice must be received by the Monmouthshire County Council Planning Department prior to the date of completion of the development. The applicant will otherwise be liable for the full charge.

**Form 2** of the self build exemption claim must be submitted to Monmouthshire County Council Planning Department within six months of the occupation of the development. The applicant will otherwise be liable for the full charge.

Please complete the form using block capitals and black ink and send to Monmouthshire County Council Planning Department.

## Section A: Claiming Exemption – General Information

*To be completed by the individual(s) claiming self build exemption.*

### 1. Application Details :

Applicant Name:

Planning Portal Reference (if applicable):

Local authority planning application number (if allocated):

Please provide the full postal address of the application site:

**If postal address/postcode not known, or original relief claim was submitted with reference to grid reference, please provide:**

Easting:  Northing:

Description:

## Section B: Self Build Declaration

I declare that this is a "self build project" as defined below

I declare that I will occupy the premises as my sole or main residence for a period of 3 years from completion of the property

I declare that I will provide the required supporting documentation as set out in '**Self Build Exemption Claim Form 2**' within 6 months of occupation of the property and I understand failure to do this will result in the contribution becoming payable

I declare the amount of de minimis State aid received in the last three years prior to submission of this application for relief is less than 200,000 Euro

*'Self Build' for these purposes is defined as all homes built or commissioned by individuals or groups of individuals for their own use, either by building the home on their own or working with builders.*

*'Completion' for these purposes is defined as the issuing of a compliance certificate for this development issued under either regulation 17 (completion certificates) of the Building Regulations 2010 or section 51 of the Building Act 1984 (final certificates).*

---

**Declaration**

I confirm that the details given are correct.

I understand:

That my claim for exemption will lapse where **Form 2** is not submitted prior to occupation of the chargeable development to which this exemption applies.

Name – Claimant:

Date (DD/MM/YYYY):

*On receipt of this application Monmouthshire County Council Planning Department will make a decision on your claim as soon as practicable and inform the amount of affordable housing contribution relief granted in writing. You **must** then submit **Form 2** to the collecting authority within 6 months of occupation. Failure to do so will result in the affordable housing contribution charge becoming payable in full.*

## Self Build Exemption Claim Form 2

### To be submitted within 6 months of occupation of the self build dwelling

Please note that 'Completion' is defined as the issuing of a compliance certificate for this development issued under either regulation 17 (completion certificates) of the Building Regulations 2010 or section 51 of the Building Act 1984 (final certificates).

This form must be sent to the Monmouthshire County Council Planning Department within 6 months of the occupation of the self build dwelling. The applicant may otherwise be liable for the full affordable housing contribution.

Please complete the form using block capitals and black ink and send to Monmouthshire County Council Planning Department.

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#### Section A: Claiming Exemption – General Information

To be completed by the individual(s) claiming self build exemption.

##### Application Details

Applicant

Name:

Local authority planning application number (if allocated):

Please provide the full postal address of the application site:

If postal address/postcode not known, or original relief claim was submitted with reference to grid reference, please provide:

Easting:

Northing:

Description:

---

#### Section B: Submission of Evidence

Please confirm below what evidence you are providing to support your claim for self build exemption.

1. Please enclose a copy of **all** of the following items:

(a) A compliance certificate for this development issued under either:

-regulation 17 (completion certificates) of the Building Regulations 2010 **or**

-regulation 51 of the Building Act 1984 (final certificates)

What date was the compliance certificate issued (DD/MM/YYYY)?

(b) Title deeds of the property to which this exemption relates (freehold or leasehold)

(c) Council Tax certificate

## Section B: Submission of Evidence continued

2. Please enclose two further proofs of occupation of the home as sole or main residence

Please enclose a copy of **two** of the following items **showing your name and address of the property**:

Utility Bill

Bank Statement

Local electoral roll registration

3. Please also enclose a copy of **one** of the following:

(a) An approved claim from HM Revenue and Customs under 'VAT431NB: VAT refunds for DIY housebuilders'

(b) Proof of a specialist Self Build or Custom Build Warranty\* for your development

(c) Proof of an approved Self Build or Custom Build Mortgage\*\* from A bank or building society for your development

\*A Self Build or Custom Build Warranty is a warranty and Certificate or Approval issued by a Warranty provider which provides a 'latent defects insurance' policy and which is accompanied by certified Stage Completion Certificates (SCC) issued to the owner/occupier of the home.

\*\*A Self Build or Custom Build Mortgage is an approved mortgage to arrange to purchase land and/or fund the cost of erecting a home where the loan funds are paid to the owner/occupier in stages as the building works progress to completion.

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### Declaration

I/We confirm that the details given are correct.

Name:

Date (DD/MM/YYYY):



## **Annex D. Deed of Variation**

The Deed of Variation will confirm that the identified dwelling on the plan annexed is no longer liable for any affordable housing contribution.

**APPENDIX 5**  
**Extract from LDP Monitoring Framework**

## Affordable Housing

**Strategic Policy:** S4 Affordable Housing

**LDP Objectives Supported:** 1, 3, and 4

**Other LDP Policies:** SAH1-10, SAH11

Monitoring Aim / Outcome	Indicator	Target	Trigger for Further Investigation	Source Data / Monitoring Method
To provide 960 affordable dwelling units over the plan period	The number of additional affordable dwellings built* over the plan period	Deliver 96 affordable dwellings per annum 2011-2021 (total of 960 over the plan period)	Further investigation if 10% less or greater than the LDP strategy build rate for 2 consecutive years	JHLAS / S106 monitoring
	Number of affordable dwellings secured on new housing sites	<ul style="list-style-type: none"> <li>35% of the total number of dwellings to be affordable on sites of 5 or more dwellings in the Main Towns and Rural Secondary Settlements identified in Policy S1</li> <li>25% of the total number of dwellings to be affordable on sites of 5 or more dwellings in the Severnside Settlements as identified in Policy S1</li> <li>60% of the total number of dwellings to be affordable on sites of 3 or more dwellings in the Main Villages identified in Policy S1</li> <li>Minor Villages: sites with capacity for 4 dwellings make provision for 3 to be affordable; and sites with capacity for 3 dwellings make provision for 2 to be affordable.</li> </ul>	Further investigation if the proportion of affordable housing achieved on development sites in each area falls below the requirement set out in Policy S4	JHLAS / planning applications database / S106 monitoring

Monitoring Aim / Outcome	Indicator	Target	Trigger for Further Investigation	Source Data / Monitoring Method
	Number of affordable dwellings permitted / built on Main Village sites as identified in Policy SAH11	Main Village sites to collectively deliver 20 affordable dwellings per annum 2014-2021	Further investigation if 10% less or greater than the target build rate for 2 consecutive years from 2014	JHLAS / planning applications database / S106 monitoring
	Number of affordable dwellings built through rural exception schemes	No target	None	JHLAS/ planning applications database
	Affordable housing percentage target in Policy S4	Target to reflect economic circumstances	Further investigation if average house prices increase by 5% above the base price of 2012 levels sustained over 2 quarters	Home Track / Land Registry

\*Core Indicators

**APPENDIX 6**  
**Examples of Affordable Housing Financial Contribution Calculations**

## APPENDIX 6

### Examples of Affordable Housing Financial Contribution Calculations

i) For a two dwelling scheme in a rural area with a 35% affordable housing requirement, the financial contribution to meet a standard need for a 4 person 2 bed dwelling would be calculated as follows:

Two dwellings at 35% = 0.70

Toolkit calculates a financial contribution of the equivalent of 0.70 of a 4 person 2 bed dwelling for social rent using the assumptions of:

- an open market value for a 4 person 2 bed dwelling of £180,000
- or £138,600 when the developer return (20%) and marketing costs (3%) are taken into account
- an ACG band 5 rate of £175,500
- an RSL contribution to the developer of 42% of ACG (£73,710)
- this would have resulted in a subsidy from the developer if one affordable home was being provided of £64,890 (£138,600 minus £73,710)
- a financial contribution equivalent to 0.70 of the developer subsidy for one affordable home gives an overall financial contribution of £45,423 from the whole development.

ii) For a four dwelling scheme in Severnside with a 25% affordable housing requirement, the financial contribution to meet a standard need for a 4 person 2 bed dwelling would be calculated as follows:

Four dwellings at 25% = 1.00

Toolkit calculates 1.00 of a 4 person 2 bed dwelling for social rent using the assumptions of:

- an open market value for a 4 person 2 bed dwelling of £140,000
- or £107,800 when the developer return (20%) and marketing costs (3%) are taken into account
- an ACG band 4 rate of £161,600
- a RSL contribution to the developer of 42% of ACG (£67,872)
- this would result in a subsidy from the developer if one affordable home was being provided of £39,928 (£107,800 minus £67,872)
- a financial contribution equivalent to 1.0 of the development subsidy for one affordable home gives an overall financial contribution of £39,928 from the whole development

iii) For a 4 dwelling scheme in a Main Town with a 35% affordable housing requirement, the financial contribution to meet a standard need for a 5 person 3 bed dwelling would be calculated as follows:

Four dwellings at 35% = 1.40

Toolkit calculates 1.40 of a 5 person 3 bed dwelling for social rent in ACG Band 5 using the assumptions of:

- an open market value for a 5-person 3-bed dwelling of £190,000

- or £146,300 when the developer return (20%) and marketing costs (3%) are taken into account
- an ACG band 5 rate of £194,200
- an RSL contribution to the developer of 42% of ACG (£81,564)
- this would result in a subsidy from the developer if one affordable home was being provided of £64,736 (£146,300 minus £81,564)
- a financial contribution equivalent to 1.40 of the developer subsidy for one affordable home gives an overall financial contribution of £90,630 from the whole development

**APPENDIX 7**  
**Checklist for Assessing Affordable Housing Requirements**



**A. Policy S4: Checklist for assessing affordable housing requirements in Main Towns, Rural Secondary Settlements and Severnside Settlements**

**A1. Establish the net site area and calculate the net capacity of the site based on an assumed achievable density of 30 dwellings per hectare.**

**A2. THE CAPACITY OF THE SITE MEETS THE THRESHOLD OF 5 OR MORE.** Affordable housing should be provided on site at a rate of 35% in Main Towns and Rural Secondary Settlements and 25% in Severnside Settlements, subject to **A.2.a)** and **A.2.b)** below.

**A3. THE CAPACITY OF THE SITE DOES NOT MEET THE THRESHOLD OF 5 OR MORE.** A financial contribution will be required towards affordable housing in the housing market in which the site is located. (See Section B).

**A.2.a) Does the development achieve 30 dwellings per hectare?**

**A.2.b) Does applying the proportion of affordable housing required to the total number of dwellings result in a whole number?**

**YES**  
Percentage of affordable housing required will be based on the number of dwellings proposed in the planning application.

**NO (and there is not a material non-compliance with Policy DES1 i), which generally requires a density of 30 dwellings per hectare).**  
Percentage of affordable housing required will be based on the agreed capacity of the site rather than a theoretical capacity of 30 dwellings per hectare.

**NO**  
The figure will be rounded to the nearest whole number (where half rounds up).

**B. Policy S4: Checklist for providing a financial contribution where the affordable housing threshold is not met.**

**B.1. Does the capacity of the site fall below the threshold at which affordable housing is required?**

i.e. 5 or more dwellings in Main Towns, Rural Secondary Settlements and Severnside Settlements.

3 or more dwellings in Main or Minor Villages, or, Conversion schemes in the Open Countryside.

**YES**

Prior to obtaining planning permission the applicant will need to enter into a S106 agreement (see Appendix 4 for standard agreement) to pay a financial contribution towards affordable housing in the housing market in which the site is located (**subject to B.2. below**). The required contribution will be established by using the Affordable Housing Contribution Calculator and can be obtained from the Council's Housing Strategy Officer. The contribution will normally be set at the equivalent of 35% of the agreed capacity of the site (25% in Severnside). The affordable housing contribution will be liable to be paid on completion and prior to occupation of each dwelling to which the payment relates.

**NO**

**Go to Section A.**

**B.2. Is the development to be carried out by a 'self-builder'?**

See definition in Appendix 4.

**YES**

The developer will need to apply prior to the completion and occupation of the dwelling to which the payment relates for the S106 agreement to be amended to give an exemption from the affordable housing contribution.

**NO**

The affordable housing contribution will be liable to be paid on completion and prior to occupation of each dwelling to which the payment relates.

## C. Policy S4: Checklist for assessing affordable housing requirements in Main Villages

**C.1. Is the site allocated under LDP Policy SAH11 with the specific purposes of providing affordable housing?**

**YES.** A minimum of 60% affordable housing must be provided on site.

**NO. C.2. Other sites in Main Villages.**

**C.2.a) Establish the area of the site and calculate its capacity based on an assumed achievable net density of 30 dwellings per hectare.**

**THE CAPACITY OF THE SITE MEETS THE THRESHOLD OF 3 OR MORE.**

Affordable housing should be provided on site at a rate of 60% subject to **C.2.b)** and **C.2.c)** below.

**THE CAPACITY OF THE SITE IS LESS THAN 3 DWELLINGS.**

A financial contribution will be required towards affordable housing in the housing market in which the site is located to be set at the equivalent of 35% of the agreed capacity of the site. (See Section B).

**C.2.b) Would the provision of affordable housing at a rate of 60% together with achieving an overall density of 30 dwellings per hectare result in a density of development that is out of keeping with its surroundings and non-compliance with Policy DES1 I)?**

**YES** The **number** of affordable houses required will be based at 35% of the theoretical capacity of the site at 30 dwellings per hectare, subject to **C.2.c)** below and subject to viability considerations and the effect of the development on the character and appearance of the area.

**NO** Affordable housing should be provided on site at a rate of 60%

C. Policy S4: Checklist for assessing affordable housing requirements in Main Villages (Continued)

C.2.c) Is the site too small or restricted to achieve an acceptable standard of design and layout if the affordable housing was provided on site?

**YES**  
A financial contribution will required towards affordable housing in the housing market area in which the site is located, to be set at the equivalent of 35% of the agreed capacity of the site.

**NO**  
Affordable housing should be provided on site at a rate of 35% of the theoretical capacity of the site at 30 dwellings per hectare.

C.2.d) If the proposal relates to the conversion of existing buildings or sub-division of existing dwellings is it impracticable to provide affordable housing within the scheme?

**YES**  
A financial contribution will required towards affordable housing in the housing market area in which the site is located, to be set at the equivalent of 35% of the agreed capacity of the site.

**NO**  
Affordable housing should be provided on site at a rate of 35% of the agreed capacity of the site.

## D. Checklist for assessing affordable housing requirements in Minor Villages

How does the proposal comply with LDP Policy H3?

### D.1. Minor infill of 1 or 2 dwellings.

A financial contribution will be required towards affordable housing in the housing market in which the site is located to be set at the equivalent of 35% of the agreed capacity of the site. (See Section B).

### D.2. An 'exceptional' infill site of 3 or 4 dwellings.

Affordable housing should be provided on site.

D.2.a) Development sites with a capacity for 4 dwellings will make provision for 3 dwellings to be affordable.

D.2.b) Development sites with a capacity for 3 dwellings will make provision for 2 dwellings to be affordable.

## E. Checklist for assessing affordable housing requirements in the Open Countryside

**E.1. If the proposal relates to the conversion of existing buildings or sub-division of existing dwellings is it impracticable to provide affordable housing within the scheme?**



**YES**

A financial contribution will be required towards affordable housing in the housing market area in which the site is located, to be set at the equivalent of 35% of the agreed capacity of the site.

**NO**

Affordable housing should be provided on site at a rate of 35% of the agreed capacity of the site

**E.2. Is the proposal in the open countryside but considered to be an acceptable 'Departure' application?**



**YES**

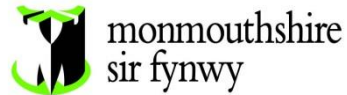
Affordable housing should be provided on site at a rate of 35% or a financial contribution will be required towards affordable housing in the housing market area in which the site is located, to be set at the equivalent of 35% of the agreed capacity of the site.

**E.3. Is the proposal for a development that complies with Rural Exceptions Policy H7, i.e. in a location outside a recognised settlement where residential would not normally be allowed.**



**YES**

Affordable housing should be provided on site at a rate of 100%.



<b>SUBJECT:</b>	<b>PUBLICATION OF PAY POLICY STATEMENT AS REQUIRED BY THE LOCALISM ACT</b>
<b>MEETING:</b>	<b>FULL COUNCIL</b>
<b>DATE:</b>	<b>10<sup>th</sup> March 2016</b>
<b>DIVISION/WARDS AFFECTED:</b>	<b>ALL</b>

## **1 PURPOSE:**

To approve the publication of Monmouthshire County Council's Pay Policy, in compliance with the Localism Act.

## **2. RECOMMENDATIONS:**

That Full Council approves the Pay Policy for the year 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017.

Chief Executive Officer terms and conditions and pay are prescribed by the Joint National Council (JNC) for Local Authority Chief Executive Officers. To date, no agreement on a pay award for 2016 for chief executives has been reached, although a pay offer of 1% for 1 April 2016 and an offer of 1%, effective from 1 April 2017 is currently being consulted upon.

That Full Council approves to pay the nationally negotiated and agreed pay award for those employees who come under Joint National Council (JNC) Chief Officers' terms and conditions, with effect from 1 January 2016 to cover the period to 31 March 2017.

The Council employs Chief Officers under JNC terms and conditions which are incorporated in their contracts. The JNC for Chief Officers negotiates on national (UK) annual cost of living pay increases for this group, and any award of same is determined on this basis. Chief Officers employed under JNC terms and conditions are contractually entitled to any national JNC determined pay rises and this council will therefore pay these as and when determined in accordance with contractual requirements.

### **3. KEY ISSUES:**

Monmouthshire County Council recognises the need to have a clear written policy on pay and reward for employees, and that having a policy provides a framework to ensure that employees are rewarded fairly, objectively and without discrimination.

The policy is underpinned by the Single Status Agreement signed as a collective agreement with the Trades Unions on 2nd December, 2010 and other nationally agreed terms and conditions for employees of the Council.

Guidance has been issued to show the type of information that 'must' be included and 'should' be included and this recommended policy has been drafted to include both the 'must' and the 'should'.

This recommendation will not impact on staff across the Council as it merely outlines the existing and agreed (single status) arrangements for pay and reward of employees in a single policy. The Trades Unions have been consulted on the proposed policy and understand the need for such arrangements to be in place.

This is the fifth publication of the policy.

Should the Council at any time decide that it does not wish to implement nationally negotiated NJC pay increases then that would need to be a decision of Full Council, and the Pay Policy Statement would need to be amended again to reflect the decision taken.

### **4. REASONS:**

The Council has a statutory requirement under the Localism Act 2011 to prepare a pay policy statement on an annual basis. Each statement needs to be in place by 31st March each year. The Pay Policy will ensure compliance with this legislation.

### **5. RESOURCE IMPLICATIONS:**

The Council's budget includes the cost of its employees while the pay details for Chief Officer posts is published on an annual basis as part of the Statement of Accounts.

As a result of the decision in 2015 to separate the Chief Executive Officer and Chief Officers pay, those paid through chief officer terms and conditions of employment will now receive the national pay awards, irrespective of the pay awards for the Chief Executive Officer. To date, no agreement has been reached on a pay award for 2016 for chief officers, however, a pay offer of 1% for 1 April 2016 and an offer of 1%, effective from 1 April 2017 is currently being consulted upon. These costs are within the budget that has been set.



**6. SUSTAINABLE DEVELOPMENT AND EQUALITY IMPLICATIONS:**

None arising from this report.

**7. CONSULTEES:**

Chief Executive  
Head of Finance/Section 151 Officer  
Monitoring Officer  
Unison  
GMB

**8. BACKGROUND PAPERS:**

None.

**9. AUTHOR:**

Sally Thomas Interim HR Lead

**10. CONTACT DETAILS:**

Tel: 07900651564

E-mail: [sallythomas@monmouthshire.gov.uk](mailto:sallythomas@monmouthshire.gov.uk)

**MONMOUTHSHIRE COUNTY COUNCIL  
PAY POLICY 2016/2017**

**1. INTRODUCTION**

Monmouthshire County Council recognises that in the context of managing scarce public resources remuneration at all levels needs to be adequate to secure and retain high quality employees dedicated to the service of the public, but at the same time needs to avoid being unnecessarily generous or excessive.

The production of a Pay Policy supports Monmouthshire County Council's values of openness and fairness. This policy aims to ensure that all staff are rewarded fairly and without discrimination for the work that they do. It will reflect fairness and equality of opportunity, the need to encourage and enable staff to perform to the best of their ability and the desire to operate a transparent pay and grading structure.

Monmouthshire County Council recognises that pay is not the only means of rewarding and supporting staff and offers a wider range of benefits, e.g. flexible working, access to learning and a wide range of family friendly policies and procedures.

It is important that local authorities are able to determine their own pay structures in order to address local priorities and to compete in the local labour market.

In particular, it is recognised that senior management roles in local government are complex and diverse functions in a highly politicised environment where often national and local pressures conflict.

Monmouthshire County Council's ability to continue to attract and retain high calibre leaders capable of delivering this complex agenda, particularly during these times of financial challenge is crucial.

**2. LEGISLATION**

Under Section 112 of the Local government Act 1972 the council has the 'power to appoint officers on such reasonable terms and conditions as the authority thinks fit'. This Pay policy statement sets out the councils approach to pay policy in accordance with the requirements of section 38 of the Localism Act 2011.

The Act requires authorities to develop and make public their pay policy on all aspects of Chief Officers remuneration (including when they cease to hold office), and that of the 'lowest paid' in the authority. It also explains the relationship between the remuneration for Chief Officer and other groups. The Act and supporting guidance provides details of

matters that must be included in this statutory pay policy, but also emphasises that each local authority has the autonomy to take its own decisions on pay.

The Pay Policy must be approved formally by the full Council by the end of March each year, can be amended in year, must be published on the Monmouthshire County Council's website and must be complied with when setting the terms and conditions of Chief Officer and employees.

In determining the pay and remuneration of all its employees, Monmouthshire County Council will comply with all relevant legislation. This includes the Equalities Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, Agency Workers Regulations 2010 and where relevant the Transfer of Undertakings (Protection of Earnings) Regulations. With regard to the Equal Pay requirements contained within the Equality Act, the council ensures that all arrangements can be objectively justified through the use of job evaluation methods.

### **3. SCOPE AND DEFINITIONS**

This Pay Policy includes-

- The level of remuneration for Chief Officers
- The remuneration of the lowest paid employees
- The relationship between the remuneration of Chief Officers and other officers
- Other specific aspects of Chief Officers' remuneration, fees and charges, and other discretionary payments.

The Localism Act 2011 defines '**Chief Officers**' as being -

**The Head of Paid Service.** This is the Chief Executive

**Statutory Chief Officers.** In Monmouthshire County Council these are the-

- Chief Officer, Children and Young People
- Chief Officer, Social Care and Health
- Head of Finance / S151 Officer.
- Head of Democracy and Regulatory Services
- Monitoring Officer

**Non-statutory Chief Officers** – These are non-statutory posts that report directly to the Head of Paid Service. In Monmouthshire County Council these are the-

- Chief Officer – Enterprise
- Head of Operations

The following post is also a member of the senior leadership and reports to the Head of Paid Service

- Head of Policy and Partnerships.

**Deputy Chief Officers** – These are officers that report directly to statutory or non-statutory Chief Officers. In Monmouthshire County Council, posts on Chief Officers’ terms and conditions are -

- 21<sup>st</sup> Century Schools Programme Manager
- Head of Tourism Leisure & Culture
- Head of Community Delivery
- Head of Planning
- Head of Property and Facilities Management
- Head of Commercial and People Development
- Head of Regulatory Services
- Head of Attainment and Learning Infrastructure
- Head of Attainment and Extended Services
- Head of Integrated Services
- Head of Children’s Services
- Head of Waste & Street Services
- Head of Highways & Flood Management

The Localism Act 2011 requires the Council to define its ‘lowest paid employee’ within our pay policy statement. Within Monmouthshire County Council our lowest paid employees are those paid in accordance with the Living Wage.

The Localism Act 2011 defines remuneration as ‘salary, bonuses, charges, fees or allowances payable, any benefits in kind, increase or enhancement of pension entitlement. This definition is adopted for the term “pay” used in this policy.

#### **4. PAY INFORMATION – PAY RANGES/NJC GREEN BOOK STAFF**

All National Joint Council (NJC) ‘Green Book’ positions within Monmouthshire County Council have been subject to a job evaluation (JE) process using the Greater London Provincial Council (GLPC) scheme back dated to 1st April 2009 following the signing of a collective agreement with UNISON and GMB on 2nd December, 2010.

Monmouthshire County Council has linked the scores from the job evaluation results directly to the NJC pay structure and we have expanded the range from Spinal Column Point 49 up to SCP 57.

Monmouthshire County Council’s grading structure has 13 grades with 5 increments in each grade that span across SCP’s 5 - 57 with associated salaries from £13,500 (SCP 5) to £50,615 (SCP 57). More information about the GLPC and the grades can be found in the Council’s Single Status Collective Agreement.

When negotiating the Single Status Collective Agreement it was agreed that within Monmouthshire County Council we would not use the lowest point of SCP4 and so we have deleted that from our pay range. This has had a positive impact on the lowest paid staff of the Council.

Monmouthshire County Council introduced the Living Wage in April 2014. Monmouthshire County Council isn't accredited for the Living Wage, and it is optional for it to apply any Living Wage pay increases when they arise. We will be increasing the Living Wage in April 2016 to the national level.

#### **5. PAY INFORMATION – CHIEF EXECUTIVE**

The salary for the Chief Executive Officer has been established as a fixed salary point of £110K. This is a local grade established following an analysis of the degree of responsibility in the role and market rates at the time the post was last advertised (2009).

This salary was approved by full Council. There are no additional bonus, performance, honoraria or ex gratia payments. The Chief Executive Officer has not sought or requested a pay rise since appointment.

Chief Executive Officer terms and conditions and pay are prescribed by the Joint National Council (JNC) for Local Authority Chief Executive Officers. To date, no agreement on a pay offer for 2016 has been reached.

#### **6. PAY INFORMATION – CHIEF OFFICERS & HEADS OF SERVICE ON CHIEF OFFICER TERMS AND CONDITIONS**

Monmouthshire County Council employs Chief Officers under JNC terms and conditions which are incorporated in their contracts. The JNC for Chief Officers negotiates on national (UK) annual cost of living pay increases for this group, and any award of same is determined on this basis. Chief Officers employed under JNC terms and conditions are contractually entitled to any national JNC determined pay rises and this council will therefore pay these as and when determined in accordance with contractual requirements.

All salaries within this range are as follows:

<b>POST</b>	<b>RANGE</b>	<b>SALARY</b>
Chief Officer, CYP Chief Officer SCH Chief Officer, Enterprise 21 <sup>st</sup> Century Programme Manager	Band A: Points 1 – 4	£77,418 £78,540 £79,662 £80,784
Monitoring Officer Head of Finance/Section 151 Head of Operations	Band B: Points 1 - 4	£67,320 £68,442 £69,564 £70,686
Head of Children’s Services Head of Democracy & Regulatory Services Head of Integrated Services Head of Regulatory Services Head of Achievement and Resources Head of Achievement & Extended Services	Band C: Points 1 - 4	£57,783 £60,027 £62,271 £64,515
Head of Commercial and People Development Head of Policy & Partnerships	Band D: Spot salary	£60,027
Head of Tourism, Leisure & Culture Head of Community Delivery Head of Planning	Band E:	£56,100 £60,027
Head of Property & Facilities Management Head of Highways & Flood Management Head of Waste & Street Services	Band E Spot salary	£56,100

There are no other additional elements of remuneration in respect of overtime, flexi-time, bank holiday working, stand-by payments etc., paid to these senior staff, as they are expected to undertake duties outside their contractual hours and working patterns without additional payments. There is no performance related pay and no bonuses.

Posts at Chief Officer and Heads of Service level are employed on JNC Chief Officer terms and conditions. Chief Officers and Heads of Service whose grades offer incremental progression must achieve at least a 'satisfactory' judgement in their annual appraisal process to advance to the next incremental point within grade.

Monmouthshire County Council publishes pay details for Chief Officers on the website. The information can be found in the 'Statement of Accounts.'

## **7. PAY INFORMATION – STAFF ON 'GREEN BOOK' TERMS AND CONDITIONS REFERRED TO AS "OPERATIONAL MANAGERS"**

Operational Managers are those who fall within the definition of Deputy Chief Officer but who are paid on NJC terms and conditions and not Chief Officers' terms and conditions. Their salaries span from Grades I – M, with the lowest being SCP 37 (£31,846) and the highest being SCP 57 (£50,615).

## **8. PAY INFORMATION – STAFF OTHER THAN 'GREEN BOOK' AND CHIEF OFFICERS**

Monmouthshire county Council also has staff on other national terms and conditions, i.e. JNC Youth and Community, Soulbury and Teacher terms and conditions. Pay for these is based on the relevant nationally agreed rates of pay.

## **9. INCREMENTAL PROGRESSION – ALL STAFF**

For 'green book' staff incremental progression is automatic. Increments are normally awarded on 1st April each year. Where Chief Officers and Heads of Service have incremental pay grades, progression is dependent upon satisfactory performance appraisal.

## **10. SALARY ON APPOINTMENT – ALL STAFF**

Posts are advertised on the agreed grade/range for that particular post. Information regarding the minimum and maximum pay is provided in the advert. In practice most appointments are made at the bottom of the range. However, there is discretion to appoint at a higher point on the range. This would normally only apply if there is a need to match a candidate's current level of pay.

## **11. PAY REVIEW – ALL STAFF**

All pay is reviewed in line with the national pay awards negotiated for the cost of living increases when these occur.

## **12. MARKET SUPPLEMENTS – ALL STAFF**

It is recognised that there will be exceptional occasions where the market rate for certain key jobs is higher than that provided for by the new pay and grading structure. In these circumstances, the grading of the post will be reviewed in accordance with the Market Forces Policy.

## **13. ADDITIONAL PAYMENTS – NJC GREEN BOOK STAFF**

Additional payments are made to this staff group as detailed in Monmouthshire County Council's single status package. The types of additional payments made include-

- Weekend Working payments are made for Saturday (Time and a Quarter) and Sunday (Time and a half).
- Bank Holiday – Paid at double time or plain time plus a day off in lieu.
- Night Workers – Employees who work night shifts between the hours of 10.00 pm and 6.00 am are paid time and a third.
- Overtime can be paid for employees who are requested to work in excess of 37 hours and who are paid on NJC Bands A to E.

Other payments that could be made are first aid allowance, relocation payment and payment for professional subscriptions.

## **14. ADDITIONAL PAYMENTS – CHIEF OFFICERS & HEADS OF SERVICE**

- Business mileage incurred by the employee is refunded at the HMRC rate.
- Relocation – Monmouthshire County Council may provide financial assistance to new recruits as part of the employment package under the terms of our Relocation Scheme.
- Returning Officer Fees – the appointment of Electoral Registration Officer is required by S8 of the Representation of the People Act 1983 and the appointment of Returning officer by S35 of the Representation of the People Act 1983.

In Monmouthshire County Council, the role of the Electoral Registration Officer and Returning Officer is held by the Chief Executive Officer.

The fee for parliamentary, European Union, Welsh Government, Police and Crime Commissioner Elections and all referenda are set by legislation. Local authorities have the discretion to set the fee for local elections. In the Council the fee for local elections is set in line with the fee agreed for the Welsh Government elections.

- Honorarium is paid to officers when carrying out duties in another authority.



## **15. HONORARIA AND ACTING UP SCHEME**

Monmouthshire County Council has a scheme for an additional payment to be made where an employee acts up into a post at a higher level of pay or where they undertake additional duties at a higher level of responsibility. This scheme is applicable for all employees.

## **16. MULTIPLIERS**

The statutory guidance under the Localism Act recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010).

The Hutton report was asked by Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. The report concluded that the relationship to median earnings was a more relevant measure and the Government's Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid salary and the median average salary of the whole of the Local Authority's workforce.

The multiples of pay for Monmouthshire County Council are as follows-

- Multiple between lowest paid FTE employee and CEO is 8:1
- Multiple between lowest paid FTE employee and average chief officer is 5:1
- Multiple between the median FTE and CEO is 4:1
- Multiple between the median FTE and average chief officer is 2:1

## **17. PAYMENTS/CHARGES AND CONTRIBUTIONS**

All Monmouthshire County Council employees (except teachers) are entitled to join the local government pension scheme (LGPS) which is offered by the Local Government Employers. If staff are eligible they will automatically become a member of the scheme under the auto enrolment provisions (to join they must have a contract for at least 3 months duration and be under the age of 75).

Employees can decide to opt out of the scheme within one month of auto enrolment. The benefits and contributions payable under the pension fund are set out in the LGPS regulations.

All employees who are members of the Local Government Pension Scheme make individual contributions to the scheme in accordance with the following table:

<b>Employee Pay</b>	<b>% Contribution</b>
Up to £13,600	5.5
£13,601 to £21,200	5.8
£21,201 to £34,400	6.5
£34,401 to £43,500	6.8
£43,501 to £60,700	8.5
£60,701 to £86,000	9.9
£86,001 to £101,200	10.5
£101,201 to £15,800	11.4
Over £151,800	12.5

*(The contribution bands with effect from 1 April 2015. Final confirmation of % contribution rates for 2016-17 not yet released, although it is expected that there will be no change).*

## **18. DISCRETIONARY PAYMENTS**

The policy for the award of any discretionary payments is the same for all staff regardless of their pay level. The following arrangement applies for redundancy payments under regulation 5 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006.

- Payment of an overall lump sum of 1.7 times the statutory redundancy payment multiplier based on actual weeks' pay up to a limit of Spinal Column Point 49. This is payable to employees made redundant with 2 or more years local government service regardless of their age, subject to them being eligible to join the pension scheme.
- Monmouthshire County Council introduced the Living Wage in April 2014. Monmouthshire County Council isn't accredited for the Living Wage, and it is optional for it to apply any Living Wage pay increases when they arise. We will be increasing the Living Wage in April 2016 to the national level (£8.25 per hour). Payment for the Living Wage is paid as an additional amount to an employee's grade

## **19. DECISION MAKING**

In accordance with the Constitution of the Council the Executive are responsible for decision making in terms of pay, terms and conditions and severance arrangements in relation to employees of Monmouthshire County Council.

## **20. REVIEW OF THE POLICY**

This Policy will be kept under review and developments considered in the light of external best practice and legislation. Monmouthshire County Council will ensure the policy is updated on an annual basis in line with the requirement of the Localism Act 2011.

Sally Thomas, Interim HR Lead  
February 2016




<p><b>Name of the Officer</b> completing the evaluation Sally Thomas</p> <p><b>Phone no:</b> 07900651564 <b>E-mail:</b> sallythomas@monmouthshire.gov.uk</p>	<p><b>Please give a brief description of the aims of the proposal</b></p> <p>To complete statutory requirement to publish corporate pay policy statement for the council for 2016.</p>
<p><b>Name of Service</b></p> <p>HR</p>	<p><b>Date Future Generations Evaluation</b> form completed</p> <p>25 January 2016</p>





1. **Does your proposal deliver any of the well-being goals below?** Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal.

Well Being Goal	How does the proposal contribute to this goal? (positive and negative)	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<p><b>A prosperous Wales</b> Efficient use of resources, skilled, educated people, generates wealth, provides jobs</p>	n/a	
<p><b>A resilient Wales</b> Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)</p>	N/a	
<p><b>A healthier Wales</b> People's physical and mental wellbeing is maximized and health impacts are understood</p>	n/a	

Well Being Goal	How does the proposal contribute to this goal? (positive and negative)	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected	n/a	
<b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	n/a	
<b>A Wales of vibrant culture and thriving Welsh language</b> Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	n/a	
<b>A more equal Wales</b> People can fulfil their potential no matter what their background or circumstances	<i>This includes the protected characteristics of age, disability, gender reassignment, race, religion or beliefs, gender, sexual orientation, marriage or civil partnership</i>	

**2. How has your proposal embedded and prioritised the sustainable governance principles in its development?**

Sustainable Development Principle	How does your proposal demonstrate you have met this principle?	What has been done to better to meet this principle?
 <p>Balancing short term need with long term and planning for the future</p>	n/a	

Sustainable Development Principle	How does your proposal demonstrate you have met this principle?	What has been done to better to meet this principle?
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>n/a</p>	
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	<p>n/a</p>	
 <p>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>	<p>n/a</p>	
 <p>Integration</p> <p>Positively impacting on people, economy and environment and trying to benefit all three</p>	<p>n/a</p>	

3. **Are your proposals going to affect any people or groups of people with protected characteristics?** Please explain the impact, the evidence you have used and any action you are taking below.

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Age			
Disability			
Gender reassignment			
Marriage or civil partnership			
Race			
Religion or Belief			
Sex			
Sexual Orientation			
Welsh Language	<i>Under the Welsh Language measure of 2011, we need to be considering Welsh Language in signage, documentation, posters, language skills etc.</i>		

4. Council has agreed the need to consider the impact its decisions has on important responsibilities of Corporate Parenting and safeguarding. Are your proposals going to affect either of these responsibilities? For more information please see the guidance note <http://hub/corporatedocs/Democratic%20Services/Equality%20impact%20assessment%20and%20safeguarding.docx> and for more on Monmouthshire's Corporate Parenting Strategy see <http://hub/corporatedocs/SitePages/Corporate%20Parenting%20Strategy.aspx>

	<b>Describe any positive impacts your proposal has on safeguarding and corporate parenting</b>	<b>Describe any negative impacts your proposal has on safeguarding and corporate parenting</b>	<b>What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?</b>
Safeguarding	<i>Safeguarding in this context applies to both children (not yet reached 18<sup>th</sup> birthday) and vulnerable adults (over 18 who is or may be in need of community care services by reason of mental or other disability, age or illness and who is or may be unable to take care of himself or herself, or unable to protect himself or herself against significant harm or serious exploitation.)</i>	<i>Safeguarding is about ensuring that everything is in place to promote the well-being of children and vulnerable adults, preventing them from being harmed and protecting those who are at risk of abuse and neglect.</i>	
Corporate Parenting	<i>This relates to those children who are 'looked after' by the local authority either through a voluntary arrangement with their parents or through a court order. The council has a corporate duty to consider looked after children especially and promote their welfare (in a way, as though those children were their own).</i>		

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5. What evidence and data has informed the development of your proposal?

*This will include your baseline position, measures and studies that have informed your thinking and the recommendation you are making. It should allow you to identify whether any changes resulting from the implementation of the recommendation have had a positive or negative effect. Data sources include for example:*

- Quantitative data - data that provides numerical information, e.g. population figures, number of users/non-users*
- Qualitative data – data that furnishes evidence of people's perception/views of the service/policy, e.g. analysis of complaints, outcomes of focus groups, surveys*
- Local population data including the census figures*
- Comparisons with similar policies in other authorities*
- Academic publications, research reports, consultants' reports, and reports on any consultation with e.g. trade unions or the voluntary and community sectors.*

**6. SUMMARY:** As a result of completing this form, what are the main positive and negative impacts of your proposal, how have they informed/changed the development of the proposal so far and what will you be doing in future?

*This is a statutory requirement for the Council to publish it's pay statement*

**7. Actions.** As a result of completing this form are there any further actions you will be undertaking? Please detail them below, if applicable.

What are you going to do	When are you going to do it?	Who is responsible	Progress

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**8. Monitoring:** The impacts of this proposal will need to be monitored and reviewed. Please specify the date at which you will evaluate the impact, and where you will report the results of the review.

The impacts of this proposal will be evaluated on:



<b>SUBJECT:</b>	<b>DIARY OF MEETINGS FOR 2016/17</b>
<b>MEETING:</b>	<b>COUNTY COUNCIL</b>
<b>DATE:</b>	<b>10<sup>th</sup> March 2016</b>
<b>DIVISION/WARDS AFFECTED:</b>	<b>N/A</b>

1. **PURPOSE:**  
To approve the diary of meetings for 2016/17.
2. **RECOMMENDATIONS:**  
That the diary of meetings for 2016/17, as attached, be approved.
3. **KEY ISSUES:**
  - 3.1 Each Committee has reviewed the timing of their meetings and the diary has been drawn up to reflect each Committee's preferences.
  - 3.2 Some Committees set their own dates during the year eg SACRE, Appointment of LEA Governors Committee, Strategic Programme Boards, Corporate Parenting Panel and these will be added to the diary in due course.
4. **REASONS:**  
The Council calendar needs to be approved annually to ensure appropriate governance arrangements are in place for the year and enables Members and officers to forward plan effectively.
5. **RESOURCE IMPLICATIONS:**  
None as a direct result of this report.
6. **SUSTAINABLE DEVELOPMENT AND EQUALITY IMPLICATIONS:**  
There are no sustainable development or equality impacts arising from this report.
7. **CONSULTEES:**  
Senior Leadership Team; Political Group Leaders, Democratic Services Committee.
8. **BACKGROUND PAPERS:**  
None.
9. **AUTHOR:**  
John Pearson, Local Democracy Manager
10. **CONTACT DETAILS:**  
**Tel:** 01633 644219  
**E-mail:** [johnpearson@monmouthshire.gov.uk](mailto:johnpearson@monmouthshire.gov.uk)

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**MONMOUTHSHIRE COUNTY COUNCIL  
DRAFT DIARY OF MEETINGS 2016-17**

DAY	DATE	MEETING	TIME
Monday	23 May 2016		
Tuesday	24 May 2016	Coordinating Board	10:00 am
Wednesday	25 May 2016	Individual Cabinet Member Decision Monmouthshire Housing Board	2:00pm
Thursday	26 May 2016	Audit Committee	2:00 pm
Friday	27 May 2016		

Monday	30 May 2016	SPRING BANK HOLIDAY	
Tuesday	31 May 2016		
Wednesday	1 June 2016		
Thursday	2 June 2016		
Friday	3 June 2016		

Monday	6 June 2016	Planning site inspection	9:00 am
Tuesday	7 June 2016	<b>Seminar Morning</b> Planning Committee	2:00 pm
Wednesday	8 June 2016	<b>Cabinet</b>	<b>2.00 pm</b>
Thursday	9 June 2016	Economy & Development Select Committee	10:00 am
Friday	10 June 2016	Brecon Beacons National Park Authority SACRE	10:00 am 1:30 pm

Monday	13 June 2016		10:30 am
Tuesday	14 June 2016	Licensing & Regulatory Committee	10:00 am
Wednesday	15 June 2016	Lower Wye Area Committee <b>Individual Cabinet Member Decision</b>	10:00 am
Thursday	16 June 2016	Strong Communities Select Committee	10:00 am
Friday	17 June 2016	Gwent Police & Crime Panel	10:00 am

Monday	20 June 2016	Standards Council pre-meeting	9.30 am 12.30 pm
Tuesday	21 June 2016	Adults Select Committee	10.00 am
Wednesday	22 June 2016	Central Monmouth Area Committee	2:00 pm
Thursday	23 June 2016	Welsh Church Fund Council	12:30 pm 2:00 pm
Friday	24 June 2016		

Monday	27 June 2016	Democratic Services Committee	2:00 pm
Tuesday	28 June 2016	<b>PSB Select</b>	<b>10:00 am</b>
Wednesday	29 June 2016	<b>Individual Cabinet Member Decision</b>	
Thursday	30 June 2016	Audit Committee	2:00 pm
Friday	1 July 2016	Brecon Beacons National Park Authority (AGM)	10:00 am

Monday	4 July 2016	Planning site inspection Political Leadership Group Wye Valley AONB JAC	9:00 am 10.00am 2:00 pm
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DAY	DATE	MEETING	TIME
Tuesday	5 July 2016	Planning Committee	2:00 pm
Wednesday	6 July 2016	Cabinet	2:00 pm
Thursday	7 July 2016	Children & Young People Select Committee	2:00pm
Friday	8 July 2016		

Monday	11 July 2016		
Tuesday	12 July 2016	Adults Select	10:00 am
Wednesday	13 July 2016	Bryn-y-Cwm Area Committee Individual Cabinet Member Decision	2:00 pm
Thursday	14 July 2016	Economy & Development Select	10:00am
Friday	15 July 2016		

Monday	18 July 2016	Monmouthshire Farm School End. Trust	11:00 am
Tuesday	19 July 2016	Licensing & Regulatory	10:00 am
Wednesday	20 July 2016	Sevenside Area Committee Monmouthshire Housing Board	10:00 am 2:00 pm
Thursday	21 July 2016	Strong Communities Select Committee	10:00 am
Friday	22 July 2016		

Monday	25 July 2016	Council pre-meeting	12.30 pm
Tuesday	26 July 2016		
Wednesday	27 July 2016	<b>Individual Cabinet Member Decision</b>	
Thursday	28 July 2016	Council	
Friday	29 July 2016		

Monday	1 Aug 2016	<i>Planning site inspection</i>	9.00 am
Tuesday	2 Aug 2016	Planning Committee	2.00 pm
Wednesday	3 Aug 2016		
Thursday	4 Aug 2016		
Friday	5 Aug 2016		

Monday	8 Aug 2016		
Tuesday	9 Aug 2016		
Wednesday	10 Aug 2016		
Thursday	11 Aug 2016		
Friday	12 Aug 2016		

Monday	15 Aug 2016		
Tuesday	16 Aug 2016		
Wednesday	17 Aug 2016	Individual Cabinet Member Decision	
Thursday	18 Aug 2016		
Friday	19 Aug 2016		

Monday	22 Aug 2016		
Tuesday	23 Aug 2016		
Wednesday	24 Aug 2016		
Thursday	25 Aug 2016		

Friday	26 Aug 2016		
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Monday	29 Aug 2016	SUMMER BANK HOLIDAY	
Tuesday	30 Aug 2016		
Wednesday	31 Aug 2016	Individual Cabinet Member Decision	
Thursday	1 September 2016	Economy & Development Select Committee	10:00am
Friday	2 September 2016		

Monday	5 September 2016	Planning site inspection Joint Advisory Group	9.00 am 10:00 am
Tuesday	6 September 2016	Planning Committee	2.00 pm
Wednesday	7 September 2016	Cabinet	2.00 pm
Thursday	8 September 2016	Children & Young People Select Committee <b>Seminar Afternoon</b>	10:00 am
Friday	9 September 2016		

Monday	12 September 2016		
Tuesday	13 September 2016	Licensing & Regulatory Committee	10:00 am
Wednesday	14 September 2016	Individual Cabinet Member Decision Lower Wye Area Committee	10:00 am
Thursday	15 September 2016	Strong Communities Select Committee Audit Committee	10:00 am 2:00 pm
Friday	16 September 2016	Gwent Police & Crime Panel	10:00am

Monday	19 September 2016	Standards Council pre-meeting	9.30 am 12.30 pm
Tuesday	20 September 2016	Adults Select Committee	10:00 am
Wednesday	21 September 2016	Central Monmouth Area Committee Monmouthshire Housing Board/AGM	2:00 pm 2:00 pm
Thursday	22 September 2016	Welsh Church Fund Council	12:30 pm 2:00 pm
Friday	23 September 2016	Brecon Beacons National Park Authority	10:00 am

Monday	26 September 2016	Mon Farm School Endowment Trust	11:00 am
Tuesday	27 September 2016	Coordinating Board	10:00 am
Wednesday	28 September 2016	Individual Cabinet Member Decision	
Thursday	29 September 2016		
Friday	30 September 2016		

Monday	3 October 2016	Planning site inspection Political Leadership Group	9.00 am 10.00am
Tuesday	4 October 2016	Planning committee	2.00 pm
Wednesday	5 October 2016	Cabinet	2.00 pm
Thursday	6 October 2016		
Friday	7 October 2016		

Monday	10 October 2016		
Tuesday	11 October 2016	<b>PSB Select</b>	<b>10:00 am</b>
Wednesday	12 October 2016	Individual Cabinet Member Decision	

		Bryn-y-Cwm Area Committee	2:00 pm
Thursday	13 October 2016	Economy & Development Select Committee Audit Committee	10:00am 2:00 pm
Friday	14 October 2016		

Monday	17 October 2016	Council pre-meeting Democratic Services Committee	12.30 pm 2:00 pm
Tuesday	18 October 2016	Licensing & Regulatory Committee	10:00 am
Wednesday	19 October 2016	Sevenside Area Committee	10:00 am
Thursday	20 October 2016	Welsh Church Fund Council	12:30 pm 2:00 pm
Friday	21 October 2016		

Monday	24 October 2016	HALF TERM	
Tuesday	25 October 2016		
Wednesday	26 October 2016	Individual Cabinet Member Decision	
Thursday	27 October 2016		
Friday	28 October 2016		

Monday	31 October 2016	Planning site inspection	9.00 am
Tuesday	1 November 2016	Planning Committee	2.00 pm
Wednesday	2 November 2016	Cabinet	2.00 pm
Thursday	3 November 2016	Children & Young People Select Committee	10:00am
Friday	4 November 2016		

Monday	7 November 2016	Wye Valley AONB JAC	2:00 pm
Tuesday	8 November 2016	Adults Select Committee <b>Seminar Afternoon</b>	10:00 am
Wednesday	9 November 2016		
Thursday	10 November 2016	Strong Communities Select Committee	10:00 am
Friday	11 November 2016	ARMISTICE DAY	

Monday	14 November 2016		
Tuesday	15 November 2016		
Wednesday	16 November 2016	Individual Cabinet Member Decision	
Thursday	17 November 2016	Audit Committee	2.00 pm
Friday	18 November 2016		

Monday	21 November 2016	Joint Advisory Group	10.00am
Tuesday	22 November 2016		
Wednesday	23 November 2016	Monmouthshire Housing Board	2:00 pm
Thursday	24 November 2016	Economy & Development Select Committee	10:00am
Friday	25 November 2016		

Monday	28 November 2016	Standards Council pre-meeting	9.30am 12.30 pm
Tuesday	29 November 2016	Licensing & Regulatory Committee	10:00 am
Wednesday	30 November 2016	Individual Cabinet Member Decision	
Thursday	1 December 2016	Welsh Church Fund	12:30 pm

		Council	2:00 pm
Friday	2 December 2016		

Monday	5 December 2016	Planning site inspection	9.00 am
Tuesday	6 December 2016	Planning Committee	2.00 pm
Wednesday	7 December 2016	Cabinet Monmouthshire Housing Board	2:00 pm 2:00 pm
Thursday	8 December 2016	Strong Communities Select Committee Children & Young People Select Committee	10:00am 2:00 pm
Friday	9 December 2016	Gwent Police & Crime Panel Brecon Beacons National Park Authority	10:00 am 10:00 am

Monday	12 December 2016		10:30 am
Tuesday	13 December 2016	Adults Select Committee	10:00 am
Wednesday	14 December 2016	Lower Wye Area Committee Individual Cabinet Member Decision	10:00 am
Thursday	15 December 2016	Audit Committee	2:00 pm
Friday	16 December 2016		

Monday	19 December 2016		
Tuesday	20 December 2016	Coordinating Board	10:00 am
Wednesday	21 December 2016	Central Monmouth Area Committee	2:00 pm
Thursday	22 December 2016		
Friday	23 December 2016		

Monday	26 December 2016	BOXING DAY	
Tuesday	27 December 2016	BANK HOLIDAY	
Wednesday	28 December 2016		
Thursday	29 December 2016		
Friday	30 December 2016		

Monday	2 January 2017	BANK HOLIDAY	
Tuesday	3 January 2017		
Wednesday	4 January 2017	Severnside Area Committee Individual Cabinet Member Decision	10:00 am
Thursday	5 January 2017	Economy & Development Select	10:00am
Friday	6 January 2017		

Monday	9 January 2017	Planning site inspections	9.00 am
Tuesday	10 January 2017	Planning Committee <b>Seminar Morning</b>	2.00 pm
Wednesday	11 January 2017	Cabinet	2:00 pm
Thursday	12 January 2017	Children & Young People Select Committee	2:00 pm
Friday	13 January 2017		

Monday	16 January 2017	Political Leadership Group Council pre-meeting	10:00 am 12:30 pm
Tuesday	17 January 2017	Licensing & Regulatory Committee	10:00am

Wednesday	18 January 2017	Individual Cabinet Member Decision <b>PSB Select</b>	<b>10:00 am</b>
Thursday	19 January 2017	Welsh Church Fund Council	12.30 pm 2:00 pm
Friday	20 January 2017		

Monday	23 January 2017	Mon Farm School Endowment Trust Democratic Services Committee	11.0 am 2:00 pm
Tuesday	24 January 2017	Adult Select Committee	10:00 am
Wednesday	25 January 2017	Bryn-y-Cwm Area Committee	2:00 pm
Thursday	26 January 2017	Strong Communities Select Committee	10:00am
Friday	27 January 2017		

Monday	30 January 2017	Joint Advisory Group	10:00 am
Tuesday	31 January 2017	Coordinating Board	10:00 am
Wednesday	1 February 2017	Cabinet Individual Cabinet Member Decision	2:00 pm
Thursday	2 February 2017	Audit Committee	2:00 pm
Friday	3 February 2017		

Monday	6 February 2017	Planning site inspections	9.00 am
Tuesday	7 February 2017	Planning committee	2:00 pm
Wednesday	8 February 2017		
Thursday	9 February 2017	Economy & Development Select Committee	10:00am
Friday	10 February 2017		

Monday	13 February 2017		
Tuesday	14 February 2017		
Wednesday	15 February 2017	Individual Cabinet Member Decision	
Thursday	16 February 2017	Children & Young People Select Committee	2:00 pm
Friday	17 February 2017		

Monday	20 February 2017	<b>HALF TERM</b>	
Tuesday	21 February 2017		
Wednesday	22 February 2017		
Thursday	23 February 2017		
Friday	24 February 2017		

Monday	27 February 2017	Standards	9.30am
Tuesday	28 February 2017	Adults Select Committee	10:00 am
Wednesday	1 March 2017	Cabinet	2:00 pm
Thursday	2 March 2017	Strong Communities <b>Seminar Afternoon</b>	10:00am
Friday	3 March 2017		

Monday	6 March 2017	Planning site inspections Council pre-meeting Wye Valley AONB JAC	9.00 am 12.30 pm 2:00 pm
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Tuesday	7 March 2017	Licensing & Regulatory Committee Planning Committee	10:00 am 2:00 pm
Wednesday	8 March 2017	Individual Cabinet Member Decision	
Thursday	9 March 2017	Welsh Church Fund Council	12:30 pm 2:00 pm
Friday	10 March 2017		

Monday	13 March 2017		
Tuesday	14 March 2017	Coordinating Board	10:00 am
Wednesday	15 March 2017	Lower Wye Area Committee	10:00 am
Thursday	16 March 2017	Audit Committee	2:00pm
Friday	17 March 2017		

Monday	20 March 2017	Joint Advisory Group	10:00 am
Tuesday	21 March 2017		
Wednesday	22 March 2017	Central Monmouth Area Committee	2:00 pm
Thursday	23 March 2017	Children & Young People Select Committee	2:00 pm
Friday	24 March 2017		

Monday	27 March 2017	Mon Farm School Endowment Trust Council pre-meeting	10:00 am 12.30 pm
Tuesday	28 March 2017	<b>PSB Select</b>	<b>10:00 am</b>
Wednesday	29 March 2017	Sevenside Area Committee Individual Cabinet Member Decision	10:00 am
Thursday	30 March 2017	Welsh Church Fund Council	12:30 pm 2:00 pm
Friday	31 March 2017		

Monday	3 April 2017	Planning site inspections Democratic Services Committee	9.00 am 2:00 pm
Tuesday	4 April 2017	Planning Committee	2.00 pm
Wednesday	5 April 2017	Cabinet	2.00 pm
Thursday	6 April 2017	Strong Communities Select Committee	10:00 am
Friday	7 April 2017		

Monday	10 April 2017		
Tuesday	11 April 2017	Licensing & Regulatory Committee	10:00 am
Wednesday	12 April 2017	Individual Cabinet Member Decision	
Thursday	13 April 2017		
Friday	14 April 2017	GOOD FRIDAY	

Monday	17 April 2017	EASTER MONDAY	
Tuesday	18 April 2017		
Wednesday	19 April 2017		
Thursday	20 April 2017	Children & Young People Select Committee	4:00pm
Friday	21 April 2017		

Monday	24 April 2017	Political Leadership Group	10:00 am
Tuesday	25 April 2017	Adults Select Committee	10:00am

Wednesday	26 April 2017	Individual Cabinet Member Decision Bryn-y-Cwm Area Committee	2:00 pm
Thursday	27 April 2017	Economy & Development Select Committee <b>Seminar afternoon</b>	10:00am
Friday	28 April 2017		

Monday	1 May 2017	BANK HOLIDAY	
Tuesday	2 May 2017	Planning Committee	10:00 am
Wednesday	3 May 2017	Cabinet	2.00 pm
Thursday	4 May 2017	<b>COUNTY COUNCIL ELECTIONS</b>	
Friday	5 May 2017		

Monday	8 May 2017		
Tuesday	9 May 2017	Annual Meeting	5:00pm
Wednesday	10 May 2017	Individual Cabinet Member Decision	
Thursday	11 May 2017	Council Meeting (deferred items)	2:00pm
Friday	12 May 2017		

Monday	15 May 2017		
Tuesday	16 May 2017		
Wednesday	17 May 2017		
Thursday	18 May 2017		
Friday	19 May 2017		

Monday	22 May 2017		
Tuesday	23 May 2017		
Wednesday	24 May 2017	Individual Cabinet Member Decision	
Thursday	25 May 2017		
Friday	26 May 2017		

**SUBJECT: MCC Strategic Equality Plan 2016 - 2020**

**MEETING: Council**

**DATE: 10th March 2016**

**DIVISION/WARDS AFFECTED: All**

## **1. PURPOSE:**

- 1.1 The Equality Act 2010 was introduced in April 2011 and within its specific duties is the requirement to publish the Council's Equality Objectives within a Strategic Equality Plan (SEP). This is the Council's second SEP replacing the version 2012 – 2016 on the 1<sup>st</sup> April 2016.

## **2. RECOMMENDATIONS:**

- 2.1 That Council approves this plan.

## **3. KEY ISSUES:**

- 3.1 This is a required document but given the timing of its publication it does not represent a fundamental shift from the previous iteration. During 2016-2017 Monmouthshire County Council will undertake two substantial assessments of need and wellbeing within the County as a consequence of the Wellbeing of Future Generations Act 2015 and the Social Services and Wellbeing Act 2014. The quantitative and qualitative information that is gained during this work will provide us with a far clearer understanding of the challenges we face in securing equality.
- 3.2 However, one of the specific duties in the Equality Act 2010 requires Public Bodies to publish their second SEP by 1<sup>st</sup> April 2016. We have consulted on the Objectives and the associated Plan. The consultation ran from the 16<sup>th</sup> December 2015 to the 14<sup>th</sup> January 2016.

#### **4. REASONS:**

- 4.1 The Council's first SEP (2012 – 2016) concentrated on getting the foundations for Equality and Diversity in place in Monmouthshire. Having done that this second SEP focuses on making a difference to people across the county.

#### **5. RESOURCE IMPLICATIONS:**

- 5.1 There are no significant resource implications within the SEP.

#### **6. SUSTAINABLE DEVELOPMENT AND EQUALITY IMPLICATIONS:**

- 6.1 By its very nature, the Equality Objectives and the accompanying action plan and the Strategic Equality Plan within which they sit will have positive implications for all the protected characteristics.
- 6.2 The actual impacts from this report's recommendations will be reviewed annually and incorporated in an Annual Monitoring Report as per one of the Specific Duties of the Equality Act 2010.

#### **7. SAFEGUARDING AND CORPORATE PARENTING IMPLICATIONS**

There are no implications within this plan.

#### **8. CONSULTEES:**

Monmouthshire Inclusion Group, GAVO, CAIR, Twitter, Facebook.

#### **9. BACKGROUND PAPERS:**

Equality Act 2010, EHRC Guidance, MCC Strategic Equality Plan version 1.

#### **10. AUTHOR:**

Alan Burkitt, Policy Officer Equalities and Welsh Language.

#### **11. CONTACT DETAILS:**

Tel: 01633 644010

E-mail: [alanburkitt@monmouthshire.gov.uk](mailto:alanburkitt@monmouthshire.gov.uk)



# Strategic Equality Plan

2016 – 2020

# Cynllun Cydraddoldeb Strategol



monmouthshire  
sir fynwy

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# Version Control

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<b>Title</b>	Monmouthshire County Council Strategic Equality Plan 2016 - 20
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# Strategic Equality Plan

## 2016 to 2020

This document is available on the Council's website at

[www.monmouthshire.gov.uk](http://www.monmouthshire.gov.uk)

Also it is available upon request in hard copy, large print, Braille, audio version, word format for screen readers etc. Please contact the:

Policy Officer Equality and Welsh Language

Monmouthshire County Council

County Hall

Y Rhadyr

Usk

Monmouthshire

NP15 1GA

Phone: 01633 644010 or 07902 201895

Email: [alanburkitt@monmouthshire.gov.uk](mailto:alanburkitt@monmouthshire.gov.uk)



# Welcome

We are pleased to present Monmouthshire County Council's second Strategic Equality Plan. The Equality Act 2010 was implemented in April 2011 and represented an opportunity for Monmouthshire County Council to ensure that its functions and decisions fully took into account the impact they had on the Protected Characteristics. The Act's principles and processes ensure that the Council remain true to its corporate values of Openness, Fairness, Flexibility and Teamwork.

Over the last 4 years we have made some significant progress in embedding Equality considerations into our thinking and culture. That being said, there is still much to achieve. In developing our thinking around the Inclusion Agenda issues, we have come to realise that there are gaps in our knowledge that affect our awareness of how our actions can affect some of the Protected Characteristics. Also with the need to work within ever reducing budgets meaning that we have to consider different ways of doing things, the challenge is to do that without adversely affecting people or groups of people with Protected Characteristics. A key part of that is ensuring that we develop more inclusive services and to continue to consult with service users on what they really need.

Our commitment to Inclusion (equality and diversity) as an organisation will ensure that we continue to strive towards a robust compliance with the Act.

Councillor Philip Hobson

**Deputy Leader of the Council  
and Equality Champion**

Paul Matthews

**Chief Executive**

# The Vision for Monmouthshire

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## Building Sustainable and Resilient Communities

The vision for our county is described in the Single Integrated plan for Monmouthshire to Build Sustainable and Resilient Communities. This was developed by the Local Service Board – the group which brings together the leaders of key organisations in Monmouthshire.

We have identified three specific themes that will be the focus of our work together:

- Nobody is Left Behind
- People are Confident, Capable and Involved
- Our County Thrives

Monmouthshire County Council partnership administration continuance agreement clearly sets the direction of the council for the period up to May 2017. The [Continuance Agreement](#) sets four specific priorities which we consider when planning how to deliver and resource our services, these are:

- Education
- Safeguarding vulnerable people
- Promotion of enterprise, economic development and job-creation
- Maintaining locally accessible services

## The Values that Guide us

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We want to ensure communities can access and shape the county on their own terms. Our organisation will enable change on things that matter today whilst looking ahead to the things that that will be important tomorrow. We are trying to create an organisational culture that is innovative, responsive and flexible.

We have a very clear set of values that underpin all work of the council and guide the behaviours that are expected of everyone working for us or working with us. These do not change as time passes. They are consistent and they define us.

**Openness:** we aspire to be open and honest to develop trusting relationships

**Fairness:** we aspire to provide fair choice, opportunities and experiences and become an organisation built on mutual respect

**Flexibility:** we aspire to be flexible in our thinking and action to become an effective and efficient organisation

**Teamwork:** we aspire to work together to share our successes and failures by building on our strengths and supporting one another to achieve our goals

These values are our compass. They are consistent points that we look to as we take forward our work.

# Understanding our responsibilities

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## The Equality Act 2010

The Equality Act 2010 came into operation on the 6<sup>th</sup> April 2011. The Act replaced 116 previous different pieces of law relating to equality, and put them all together into one piece of legislation. The Act strengthens the law in important ways, and in some respects extends current equality law to help tackle discrimination and inequality.

The Council, as a public body in Wales, has a requirement under the Act to meet both general and specific duties.

## The General Duties

The **general duties** are that in exercising its functions the Council must have due regard to:

1. eliminate unlawful discrimination, harassment and victimisation and any other conduct that is prohibited by the Act;
2. advance equality of opportunity between people who share a relevant protected characteristic and those who do not;
3. foster good relations between people who share a protected characteristic and those who do not;

The act explains that having due regard for advancing equality involves:

- Removing or minimising disadvantages suffered by people due to their protected characteristics.
- Taking steps to meet the needs of people from protected groups where these are different from other people.
- Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

## **The Specific Duties**

The Equality Act 2010 also sets out a number of Specific Duties that Public Bodies are required to comply with:

- Publish sufficient information to demonstrate its compliance with the general duty across its functions
- Prepare and publish Equality Objectives and detail the engagement that has been undertaken in developing them.
- Publish a Strategic Equality Plan.
- Set out how progress will be measured

## **The Specific Duties in Wales**

The broad purpose of the specific duties is to help public bodies, such as this Council, in their performance of the general duty, and to aid transparency. In Wales the specific duties are set by the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011. The following are the specific duties:

- Equality Objectives and Strategic Equality Plans
- Engagement
- Assessment of impact
- Equality information
- Employment information, pay differences and staff training
- Procurement
- Reporting and Publishing

## **The Protected Characteristics**

The general duty covers the same people that were covered by previous legislation, but strengthens and consolidates it into one Act. It introduces 'protected characteristics' which replaces the phrase 'equality strands'.

The protected characteristics – as defined by the Equality and Human Rights Commission (EHRC) are:

**Age** - A person belonging to a particular age (e.g. 32 year olds) or range of ages (e.g. 18 - 30 year olds).

**Sex** - A man or a woman.

**Gender re-assignment** - The process of transitioning from one gender to another.

**Disability** - A person has a disability if they have a physical or mental impairment which has a substantial and long-term adverse effect on that person's ability to carry out normal day-to-day activities.

**Pregnancy and maternity** - The condition of being pregnant or expecting a baby. Maternity refers to the period after the birth, and is linked to maternity leave in the employment context. In the non-work context, it gives protection against maternity discrimination for 26 weeks after giving birth, and includes treating a woman unfavorably because she is breastfeeding.

**Sexual orientation** - Whether a person's sexual attraction is towards their own sex, the opposite sex or to both sexes.

**Race** - This refers to a group of people defined by their race, colour, and nationality (including citizenship), ethnic or national origins.

**Religion or belief** (including lack of belief) - Religion has the meaning usually given to it but belief includes religious and philosophical beliefs including lack of belief (e.g. Atheism). Generally, a belief should affect your life choices or the way you live for it to be included in the definition.

**Marriage and civil partnership** - Marriage is defined as a 'union between a man and a woman'. Same-sex couples can have their relationships legally recognised as 'civil partnerships'. Civil partners must be treated the same as married couples on a wide range of legal matters. The Equality Act 2010 applies to this characteristic, but only in respect of the requirement to have due regard to the need to eliminate discrimination.

## Welsh Language Commitment

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The Welsh Language Measure 2011 has replaced the Welsh Language Act 1993 and places an obligation on public sector bodies to comply with Welsh Language Standards all with timescales of either 6 or 12 months. Essentially the Measure has the same requirement as the Welsh Language Act: to treat the Welsh and English languages on the basis of equality in the provision of services to the public in Wales.

The Welsh language is acknowledged as a key element of the equality agenda and the new standards will be maintained as a stand-alone document and subject to scrutiny to ensure that outcomes are delivered.

However, in terms of due process, the impact of the Council's functions and practices in terms of the Welsh language will be assessed alongside the other protected characteristics in the new Future Generations Assessment (which incorporates the Equality Impact Assessment process and the requirements of the Well-being of Future Generations (Wales) Act 2015

# The Well-Being of Future Generations Act

The Act requires us to improve social, economic and environmental wellbeing, in accordance with the sustainable development principle which seeks to ensure that present needs are met without compromising the ability of future generations to meet their own needs.

In planning our services we must consider and demonstrate that we have applied the following sustainable governance principles in our decision making:

- Balancing short term needs with long term needs.
- Using an integrated approach, balancing social, economic and environmental needs.
- Involving others and taking their views into account.
- Working in collaboration with others.
- Putting resources into preventing problems

The Welsh Government has also set 7 wellbeing goals which we need to contribute to. In our planning we consider how our activities deliver the well-being goals below, and how, if possible, we can better contribute to the goals:

- A prosperous Wales
  - A resilient Wales
  - A healthier Wales
  - A Wales of cohesive communities
  - A globally responsible Wales
  - A Wales of vibrant culture and thriving Welsh language
  - A more equal Wales
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# Achievements over the last 4 years in Monmouthshire

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## **Stonewall Employers Index 2015/ 2016**

In 2014 Monmouthshire County Council made a decision to work with Stonewall Cymru and engage in the 2015 Stonewall Employers Index (the first time the Council had taken part). Monmouthshire, as do all other public bodies, have (Lesbian Gay Bisexual Transgender ) LGBT staff but were not demonstrating their commitment to being a place where these staff could be themselves and be valued for the work they do rather than for their sexuality. The Council was placed a very creditable 256<sup>th</sup> out of 397, has submitted again recently for 2016 and was placed 244<sup>th</sup> out of 415 and will meet with Stonewall to plan further areas for development. The Council is very fortunate to have role models and champions at both Elected member and Chief Officer level which allows LGBT staff to work in a safe environment where they can thrive.

## **(Lesbian Gay Bisexual Trans Queer +) LGBTQ+ Group**

The LGBTQ+ Group was started in May 2013.

The group came into being as a result of the numbers of Young People (YP) being referred into counselling from the Mental Health Team and it became apparent that some of the YP did not need to be involved with Mental Health Services, they simply needed to be who they were born to be (LGBTQ+)

It started with 4 members who were accessing counselling services and discussed promoting and advertising the group, a poster was designed and distributed to schools, G.P. surgeries, Youth Centres etc. There were a couple of enquiries from YP who had seen the posters and so it has grown.

Presentations have been made to assemblies for Years 10 & 11 in 3 of our Comprehensive schools. The Counsellor introduces the group followed by 5 members telling their stories. The most positive feedback has been from teaching staff as well as some pupils asking about the group.

Digital stories of some members have been recorded which have been used in training within the authority but also the Police use the stories in their training for LGBT/Hate Crime officers.

The group is a supportive, educative environment which is a safe place to come to. There have been guest speakers who are positive LGBT role models for the members. There have also been social trips, attending Pride Cymru in Cardiff, bowling and a meal out.

There has been a residential organised for our Trans members, doing workshops around body image, voice, self-esteem building with developing a sense of self.

The group has grown, meets on the first Wednesday of every month, and is now affiliated to 'Umbrella Gwent' and some members will be joining the founder to help start groups in other parts of Gwent.

### **Afghan Interpreters and Syrian Refugees**

The Council has successfully facilitated the relocation of 13 households of Afghan Interpreters to Monmouthshire and are in the process of working with the UK Home Office to relocate 20 households of vulnerable Syrian Refugees to the County over the next 5 years.

### **Promotion of the Welsh Language**

In the recent Wales Audit Office Annual Report compiled after an authority-wide Inspection, the Council was commended on its work to promote the use of the Welsh Language.

### **Equality Champions**

As a commitment to the equality agenda the Council has designated the Deputy Leader as the Equality, Diversity and Welsh Language Champion in order to promote and support the equality agenda at political level across the Council. He is also Chair of the Monmouthshire Inclusion Group. Also the Leader of the Council take a personal responsibility for Equality issues and other Elected Members take a lead for specific characteristics.

## **Equality Impact Assessments**

Over the last 4 years the Equality Impact Assessment toolkit (EqIA) has been repeatedly updated in order to ensure that it is both increasingly robust and user friendly and is used across all the Council's decision-making processes. In support of this an EqIA training programme, lead by Anna Morgan from the WLGA was rolled out for Elected Members and appropriate officers.

As early adopters of the Well-being of Future Generations (Wales) Act 2015 we have been developing a Future Generations Assessment which also includes the Equality Impact Assessment in a more streamlined toolkit. It is currently running as a pilot and it seems that it is likely to be formally adopted in the near future.

## **EQIA's, the Council's annual financial savings proposals and the setting up of the Financial Savings Panel**

Over the last 3 years the Council has impact assessed the mid term financial savings proposals and every year we have looked at the process and re-developed it to make the system more robust in order that Equality is one of the key considerations of every decision made. A development this year has been setting up of a Financial Savings Panel lead by two senior officers to look in depth at all aspects of the proposals. Officers from People Services, Legal Services and the Policy Officer Equality and Welsh Language are able to scrutinise proposals with the instigators of the proposals to discuss any potential issues and to look at any potential mitigations.

## **BSL Interpreter**

A hearing impaired officer required an interpreter for him to access key personal training. This was done for two courses and will be done for any future need.

## **Raglan Project**

The Raglan Project won a prestigious Social Care Council for Wales Accolade in 2015 (Excellent Outcomes for Older People with Dementia). This project provides full time carers for dementia sufferers so that they have consistency of carer and service provision which is all important for them. It is anticipated that this type of service will be rolled out in other towns and communities in Monmouthshire in the future.

**World Autism Awareness Week 2015** The ASD (Autistic Spectrum Disorder) Team launched a mission to get Monmouthshire to be the first Council in Wales that is ASD Aware. As of the 30<sup>th</sup> November 2015 over 1636 members of staff have completed the ASD quiz and been given a certificate.

## **Disability Sport / Insport Development**

The insport Development programme is part of the broader insport project, which aims to support the physical activity, sport, and leisure sectors delivering inclusively of disabled people. Disability Sport Wales know that the best understanding for local delivery, and the clearest understanding of the demographics of the immediate community is the local authority, and for sport – this starts with the LA Sport Development department.

The principle behind insport Development is for DSW to develop a Toolkit which will support the development of inclusive thinking, planning, development and delivery by everyone within the Sport Development team so that ultimately they will deliver across the spectrum to disabled and non-disabled people, at whatever level they wish to participate or compete.

The intention is to initiate and then support cultural change with regards to the approaches the local authority have towards disabled people, and to support the identification of an understanding of what inclusion means to them. The result will be that opportunity is widened, participation increases,

disabled people become more active and engaged (either as players, or officials, coaches, or volunteers), and we collectively achieve the sector vision for a nation who is hooked on sport for life, and one which consists of many champions.

The programme consists of 4 incremental standards (Ribbon, Bronze, Silver and Gold), against which a series of aims have been identified. At Ribbon standard the local authority will be assigned a Case Officer who will support the sport development team in achieving the aims against each standard (and this will mean greater partnership working throughout the Council at the higher-level standards); and at the end of each stage the team will present their journey so far to an independent panel. Demonstration of support for each aim is identified by uploading relevant documents and information to a bespoke portal , and the content of the presentation then serves to illustrate the extent to which philosophies of inclusion have been embedded throughout the organisation, and the difference that working towards inclusion has made.

### **Monmouthshire insport Timeline**

<b>Insport Development Award</b>	<b>Date Award Completed</b>	<b>Proposed Completion Dates</b>
Ribbon	February 2014	
Bronze	February 2015	
Silver	IN PROGRESS	2016.17
Gold		2018.19

## Monmouthshire Key Performance Indicator's

Year	No. of Clubs/Sessions	No. of Accredited Clubs	Participants under 16	Participants 16-64	Total Number of Participant Opportunities
2013	36	13	241	152	15599
2014	50	17	272	352	23896
2015	Data collected annually in December (Jan-Dec) – Next report will be January 2016				

## Equality Objectives 2016 to 2020

We have decided to change our equality objectives as we feel that we need to make them more concise, impactful and in keeping with what we feel we need to do. We believe that the old objectives gave us a good foundation for the first 4 years, now we believe that the new objectives will serve us better as we move on.

1. **Doing the basics** – we must do what we are required to do under the Equality Act 2010
2. **Educating and guiding** – working closely with both staff and Elected Members offering training, advice and guidance to enable them to make informed decisions.
3. **Celebrating and Commemorating**– it is important that we celebrate/recognise key equality days to raise public awareness and show our respect as an organisation.
4. **Making a difference** – Working in partnership on projects that have a positive impact on people or groups of people with protected characteristics.
5. **Keeping our focus** – Despite challenging times we have to keep our focus on the more vulnerable people we provide services to.

# Overview of Monmouthshire

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**Geographically** Monmouthshire is a predominantly rural county, covering 329 square miles of countryside. With a population density of 1 person per hectare or only 100 people per square kilometre it is one of the more sparsely populated areas of Wales (compared to 140 people/km<sup>2</sup> for Wales as a whole). The county's population of approximately 91,300 is concentrated in the five towns of Abergavenny, Monmouth, Usk, Caldicot and Chepstow. Due to its vast size and rural nature, the county has an extensively dispersed population.

**Historically** Monmouthshire County Council is one of 22 unitary authorities in Wales, which were formed in 1996 following the Local Government (Wales) Act 1994. The area was formerly part of Gwent County Council.

**Politically** Monmouthshire is made up of 42 electoral wards which are represented by 43 members (councillors) who are elected by the people of Monmouthshire. The Council operates a Cabinet system, which is led by the Leader of the Council. The cabinet consists of 8 Executive Members covering 8 portfolios and there are five Select scrutiny committees. A Senior Leadership Team consisting of the Chief Executive and the Chief Officers covering Social Services, Education and Leisure and Environment, lead on the strategic management of the Council's business. As of August 2015 the Council employed approximately 4,000 staff.

**Statistically** It is widely recognised that there remain significant challenges when it comes to collecting accurate information relating to equality and diversity, particularly for some protected characteristics e.g. Sexual Orientation and Gender Reassignment.

# Equality/diversity/inclusion in Monmouthshire

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Monmouthshire County Council has shown a commitment to equality, diversity and inclusion over the past decade or more and highlighted below are some key areas of work which demonstrate the progress made.

## **Links to other strategies**

The Strategic Equality Plan is not a standalone plan and has close links to a number of key Council and Partnership strategies, plans, policies and frameworks. Some of these have been specifically focused on equality and others which have included equality as a key theme. Examples being:

- Welsh Language Standards introduced under the Welsh Language (Wales) Measure 2011.
- Accessible and Inclusive Events Guide
- Corporate Improvement Plan
- Local Development Plan
- Monmouthshire Domestic and Sexual Abuse Action Plan
- The Single Integrated Plan will become the Well-being of Future Generations Plan.
- People and Organisation Development Strategy 2014-2017



## **People and Organisation Development Strategy 2014 - 2017**

Various quotes from the above strategy reveal that Monmouthshire County Council are serious about Equality, diversity and wellbeing not just in terms of the public we serve but also the people we employ:

### **Diversity, Inclusion and Wellbeing**

“Diversity and inclusion are the key drivers of a creative culture and make a key contribution to colleague wellbeing. .... We want to be sure that what we do reflects the make-up and diversity of our communities.....Our inside environment must be geared up to recognising difference and diversity and enabling people to be their authentic and unique selves”.

### **Equalities**

“Our Equality and Diversity Strategy and practices help promote a positive work environment. We expect every colleague to treat others with dignity, respect and courtesy. We do not tolerate under any circumstances discrimination or harassment.....”

### **Single Integrated Plan (SIP) 2013 - 2017**

The SIP recognises the importance of Equality and diversity and demonstrates this through stating: “.....there are vulnerable people living in our communities who need our support.....”

# Developing the Equality Objectives and Strategic Equality Plan

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The SEP was put out for formal consultation via internal website, and with a targeted e mail distribution to all stakeholders and a post on the Councils' Twitter site. Specific organisations/groups that were consulted were as follows:

- Monmouthshire Inclusion Group who consist of:
  - Aneurin Bevan Health Board,
  - Crown Prosecution Service,
  - GAVO,
  - Heddlu Gwent Police,
  - SACRE (Standing Advisory Council on Religious Education),
  - Monmouthshire Housing,
  - Police and Crime Commissioner,
  - SEWREC,
  - Melin Housing Association,
  - CAIR (Monmouthshire Disablement Association)

# Monmouthshires' Equality Objectives

## Equality Objective One

Doing the basics

## Equality Objective Two

Educating and guiding

## Equality Objective Three

Celebrating and commemorating

## Equality Objective Four

Making a difference

## Equality Objective Five

Keeping our focus

# Appendix 1 - Action Plans - How this action plan is set out

Provides a unique reference number for each action

Provides details on the intended action under each of the five equality objective

Outlines the intended timescale for delivering the action

Provides information on who is responsible and accountable for making the action happen

Outlines whether it is considered the action will have an impact on each of the protected characteristics, includes



Ref No	Action	Timescale	Responsibility	Impact on Protected Characteristics			
				S	✓	SO	✓
				A	✓	GR	✓
				D	✓	M & CP	✓
				R	✓	P & M	✓
				R&B	✓	W	✓

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## Understanding the Acronyms

S = Sex

R = Race

SO = Sexual Orientation

W = Welsh Language

A = Age

R&B = Religion + Belief

GR = Gender Reassignment

D = Disability

P&M = pregnancy + maternity

M & CP = Marriage and Civil Partnership

## Objective One – Doing the basics

Ref	Action	Timescale	Responsibility	Impact on Protected Characteristics			
1	Report annually on progress of Strategic Equality Plan through Council political and professional structures	Annually	Policy Officer Equality + Welsh Language Corporate Equality Network	S	✓	SO	✓
				A	✓	GR	✓
				D	✓	M & CP	✓
				R	✓	P & M	✓
				R&B	✓	W	✓
Page 469	Promote the Monmouthshire Strategic Equality Plan and Equality Objectives	2016 -20	Corporate Communications Corporate Equality Network Monmouthshire Inclusion Group Elected Member Equality Champion	S	✓	SO	✓
				A	✓	GR	✓
				D	✓	M & CP	✓
				R	✓	P & M	✓
				R&B	✓	W	✓

3	Produce a project plan for the implementation of the Welsh Language Standards	2016 - 17	Policy Officer Equality + Welsh Language Welsh Language Support Officer	S	SO	
				A	GR	
				D	M & CP	
				R	P & M	
				R&B	W	✓
4 Page 470	Produce an Annual Monitoring Report for the Welsh Language Standards	TBC	Policy Officer Equality + Welsh Language Welsh Language Support Officer	S	SO	
				A	GR	
				D	M & CP	
				R	P & M	
				R&B	W	✓
5	Produce a 5 year strategy to set out how the Council proposes to promote the Welsh Language and to facilitate the use of the Welsh Language more widely in Monmouthshire.	30 <sup>th</sup> September 2016	Policy Officer Equality + Welsh Language Welsh Language Support Officer	S	SO	
				A	GR	
				D	M & CP	
				R	P & M	
				R&B	W	✓

6	Circulate a questionnaire to collect information regarding all existing staff across all the protected characteristics	April 2017	Policy Officer Equality + Welsh Language  Employee Services	S	✓	SO	✓
				A	✓	GR	✓
				D	✓	M & CP	✓
				R	✓	P & M	✓
				R&B	✓	W	✓
7	To annually submit to the Stonewall Employers Index	Annually every September	Policy Officer Equality and Welsh Language  All directorates	S		SO	✓
				A		GR	✓
				D		M & CP	✓
				R		P & M	
				R&B		W	

## Objective Two- Educating and guiding

Ref	Action	Timescale	Responsibility	Impact on Protected Characteristics			
8 Page 472	Ensure that the Policy Officer Equality and Welsh Language works closely with the Elected Member Equality Champion to maintain the high profile of Equality/Diversity/Inclusion agenda within the Council	2016 -20	Policy Officer Equality + Welsh Language  Deputy Leader (Equality Champion)	S	✓	SO	✓
				A	✓	GR	✓
				D	✓	M & CP	✓
				R	✓	P & M	✓
				R&B	✓	W	✓
9	Hold staff and Elected Member awareness and briefing Sessions on relevant equality topics as and when required	As required  2016 -20	Policy Officer Equality + Welsh Language  Corporate training  Members Secretariat	S	✓	SO	✓
				A	✓	GR	✓
				D	✓	M & CP	✓
				R	✓	P & M	✓
				R&B	✓	W	✓



<b>10</b>	Provide advice and guidance to elected members and Council staff on equality issues as required	2016 -20	Policy Officer Equality + Welsh Language	S	✓	SO	✓
				A	✓	GR	✓
				D	✓	M & CP	✓
				R	✓	P & M	✓
				R&B	✓	W	✓
<b>Page 473</b>	Produce equality focused communications e.g. stories and articles for The Hub, Council website, Facebook and Twitter.	Bi-monthly	Corporate Communications Policy Officer Equality + Welsh Language	S	✓	SO	✓
				A	✓	GR	✓
				D	✓	M & CP	✓
				R	✓	P & M	✓
				R&B	✓	W	✓
<b>12</b>	Ensure the relevant Equality web pages of the Council website contain up-to-date equality information	Continually update	Digital Marketing Officer.	S	✓	SO	✓
				A	✓	GR	✓
				D	✓	M & CP	✓
				R	✓	P & M	✓
				R&B	✓	W	✓

## Objective Three – Celebrating and Commemorating

13	Celebrate “International Womens Day”.	8 <sup>th</sup> March	Corporate Communications Policy Officer Equality and Welsh Language	S	✓	SO	
				A		GR	
				D		M & CP	
				R		P & M	
				R&B		W	
Page 4 474	Celebrate “LGBT History Month”.	Every February	Corporate Communications Policy Officer Equality and Welsh Language	S		SO	✓
				A		GR	✓
				D		M & CP	✓
				R		P & M	
				R&B		W	
15	Publicise “Anti- Bullying Week”.	Every November	Corporate Communications Policy Officer Equality and Welsh Language	S	✓	SO	✓
				A	✓	GR	✓
				D	✓	M & CP	✓
				R	✓	P & M	
				R&B	✓	W	

16	Commemorate “Holocaust Memorial Day”.	Every 27 <sup>th</sup> January	Corporate Communications Policy Officer Equality and Welsh Language	S		SO	
				A		GR	
				D		M & CP	
				R	✓	P & M	
				R&B	✓	W	
17	Publicise “White Ribbon awareness”	Every November	Corporate Communications Policy Officer Equality and Welsh Language Policy Officer Equality and Welsh Language	S	✓	SO	
				A		GR	
				D		M & CP	
				R		P & M	
				R&B		W	
18	Celebrate “IDAHOT (International Day against Homophobia and Transphobia) Day”.	Every May	Corporate Communications Policy Officer Equality and Welsh Language	S		SO	✓
				A		GR	✓
				D		M & CP	
				R		P & M	
				R&B		W	

Ref	Action	Timescale	Responsibility	Impact on Protected Characteristics			
19	Support Macmillan Cancer Care	Every September	Corporate Communications Policy Officer Equality and Welsh Language	S		SO	
				A		GR	
				D	✓	M & CP	
				R		P & M	
				R&B		W	
20	Commemorate Remembrance Day	11 <sup>th</sup> November	Corporate Communications Policy Officer Equality and Welsh Language	S		SO	
				A	✓	GR	
				D	✓	M & CP	
				R		P & M	
				R&B		W	
21	Promote Foster Care Fortnight	16 <sup>th</sup> – 29 May 2016 and annually thereafter	Corporate Communications Policy Officer Equality and Welsh Language	S	✓	SO	
				A	✓	GR	
				D		M & CP	
				R		P & M	
				R&B		W	

Ref	Action	Timescale	Responsibility	Impact on Protected Characteristics			
22	Publicise Hate Crime Week	Every October	Corporate Communications Policy Officer Equality and Welsh Language	S	✓	SO	✓
				A	✓	GR	✓
				D	✓	M & CP	✓
				R	✓	P & M	✓
				R&B	✓	W	✓
23	Celebrate Fairtrade Fortnight	Every Feb/Mar	Sustainable Development Officer Corporate Communications	S		SO	
				A		GR	
				D		M & CP	
				R	✓	P & M	
				R&B		W	
24	Celebrate Santes Dwynwen's Day	25 <sup>th</sup> January	Corporate Communications Policy Officer Equality + Welsh Language	S		SO	
				A		GR	
				D		M & CP	
				R		P & M	
				R&B		W	✓

Ref	Action	Timescale	Responsibility	Impact on Protected Characteristics			
25	Celebrate the Eisteddfod – Welsh Language and Cultural Festival	April – Aug 2016	Corporate Communications Policy Officer Equality + Welsh Language	S		SO	
				A		GR	
				D		M & CP	
				R		P & M	
				R&B		W	✓
26	Celebrate “Diwrnod Shwmae” – celebration of the Welsh Language	15 <sup>th</sup> October	Corporate Communications Policy Officer Equality + Welsh Language	S		SO	
				A		GR	
				D		M & CP	
				R		P & M	
				R&B		W	✓
27	Celebrate St David’s Day	1 <sup>st</sup> March	Corporate Communications Policy Officer Equality + Welsh Language	S		SO	
				A	✓	GR	
				D		M & CP	
				R		P & M	
				R&B		W	✓

## Objective Four – Making a difference

Ref	Action	Timescale	Responsibility	Impact on Protected Characteristics			
28	Support and work with the Menter Iaith, Urdd, WESP and Greater Gwent Fforwm Iaith to improve Welsh Language provision within Monmouthshire.	2012 - 16	Policy Officer Equality + Welsh Language  Children and Young Peoples Directorate	S		SO	
				A		GR	
				D		M & CP	
				R		P & M	
				R&B		W	✓
29	Attend Cair etc to engage, support and exchange information	2016 - 20	Policy Officer Equality + Welsh Language	S		SO	
				A	✓	GR	
				D	✓	M & CP	
				R		P & M	
				R&B		W	
30	Implement the VAWDASV (Violence against Women Domestic Abuse and Sexual Violence) Local action Plan.	Action Plan	LSB Development Manager	S	✓	SO	✓
				A	✓	GR	✓
				D		M & CP	
				R	✓	P & M	
				R&B		W	

31	Work towards the attainment of the British Sign Language (BSL) Charter	March 2017	Policy Officer Equality and Welsh Language. Sensory Impairment Practitioner Corporate Training	S		SO	
				A		GR	
				D	✓	M & CP	
				R		P & M	
				R&B		W	
32	Implement the Anti poverty action plan and the programme of intent	Action plan	LSB Development Manager	S	✓	SO	✓
				A	✓	GR	✓
				D		M & CP	✓
				R	✓	P & M	✓
				R&B	✓	W	
33	Work towards attainment of the Disability Silver and Gold awards	Silver 2016-17 Gold 2018-19	Disability Sports Officer	S		SO	
				A		GR	
				D	✓	M & CP	
				R		P & M	
				R&B		W	



34	Implement the Ageing Well action plan (linked to the SIP)	Action plan	LSB Development Manager	S	✓	SO	
				A	✓	GR	
				D		M & CP	
				R		P & M	
				R&B		W	
35	Re engage with Time 4 change champion project	Sept 2016	Policy Officer Equality and Welsh Language Time 4 Change Champions Employee Services	S		SO	
				A		GR	
				D	✓	M & CP	
				R		P & M	
				R&B		W	
36	To work in partnership with SEWREC to support the Access 4 All and 50+ Forum which gives the opportunity for people to ask questions of the Council	quarterly	SEWREC (South East Wales Regional Equality Council) Policy Officer Equality and Welsh Language	S		SO	
				A	✓	GR	
				D	✓	M & CP	
				R		P & M	
				R&B		W	

37	A representative to attend the Gypsy Traveller Network which is tasked with having dialogue with the Gypsy Traveller population of Monmouthshire, Torfaen and Newport	Bi- monthly meetings	Policy Officer Equality and Welsh Language Housing Manager	S		SO	
				A		GR	
				D		M & CP	
				R	✓	P & M	
				R&B		W	
38	Implement the “Mwy na Geiriau/More than Words” action plan	Annual action plan from Welsh Govt	Social Care Policy Officer Equality and Welsh Language	S		SO	
				A	✓	GR	
				D	✓	M & CP	
				R		P & M	
				R&B		W	✓
39	Implement the Well-being Group action plan.	Action plan to be followed	Sharran Lloyd	S	✓	SO	✓
				A	✓	GR	✓
				D	✓	M & CP	✓
				R	✓	P & M	✓
				R&B	✓	W	✓

40	Monmouthshire is in the process of re-locating 20 households of Syrian Refugees to the County over the next 5 years.	Annual report	Housing Manager	S		SO	
			Elected Member Equality Champion	A		GR	
			Community Cohesion Officer	D		M & CP	
				R	✓	P & M	
				R&B	✓	W	

## Objective Five – Keeping our Focus

41	Establish a Welsh Language Task and Finish Group for the implementation of the Welsh Language Standards	2016 -2017	Policy Officer Equality + Welsh Language  Welsh Language Support Officer	S		SO	
				A		GR	
				D		M & CP	
				R		P & M	
				R&B		W	✓
Page 2 484	Regularly review and improve the Equality Impact Assessment process in conjunction with the requirements of the Well-being of Future Generations (Wales) Act 2015.	Regular review and update	Policy Officer Equality + Welsh Language  Sustainable Development Officer  Policy and Performance Manager	S	✓	SO	✓
				A	✓	GR	✓
				D	✓	M & CP	✓
				R	✓	P & M	✓
				R&B	✓	W	✓

43	Monmouthshire Inclusion Group (Ex-Monmouthshire Equality and Diversity Group – MEDG)	To meet quarterly	Policy Officer Equality and Welsh Language  Elected Member Equality Champion	S	✓	SO	✓
				A	✓	GR	✓
				D	✓	M & CP	✓
				R	✓	P & M	✓
				R&B	✓	W	✓
44	LGBTQ+ Group to positively promote this protected characteristic	Annual Report	Youth Services Manager	S		SO	✓
				A	✓	GR	✓
				D		M & CP	
				R		P & M	
				R&B		W	
45	To ensure that the Impact assessment of the annual financial saving mandates/proposals is robust	Annually Aug – Mar	Programme Manager  Legal Services, Equalities Officer, People Services.	S	✓	SO	✓
				A	✓	GR	✓
				D	✓	M & CP	✓
				R	✓	P & M	✓
				R&B	✓	W	✓

## Appendix 2 - Glossary of terms and anacronyms

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**EqIA** – Equality Impact Assessment

**Stakeholder** – an individual who is affected or can be affected

**Citizen** – member of the public

**Objective** – can be a goal, purpose or aim

**Impact** – having an effect

**Procurement** – buying goods or services

**Elected Members** – Councillors

**WLGA** – Welsh Local Government Association

**EHRC** – Equality and Human Rights Commission

**VALREC** – Valleys Regional Equality Council

**SEWREC** – South East Wales Race Equality Council

**Stonewall Cymru** – an organisation that engages with lesbian, gay, bi-sexual and Trans-gender people

**CAIR** – Monmouthshire Disablement Association

**SACRE** - Standing Advisory Council on Religious Education

**GAVO** – Gwent Association of Voluntary Organisations

**VAWDASV** – Violence against Women Domestic Abuse and Sexual Violence

**LGBTQ** – Lesbian, Gay, Bisexual, Transgender, Queer

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## SCHEDULE 12A LOCAL GOVERNMENT ACT 1972 EXEMPTION FROM DISCLOSURE OF DOCUMENTS

**MEETING AND DATE OF MEETING:** Council  
10<sup>th</sup> March 2016

**TITLE OF REPORT:** Food Waste Treatment – Long Term Strategy  
& Heads of Valley Procurement

**AUTHOR:** Rachel Jowitt

I have considered grounds for exemption of information contained in the report referred to above and make the following recommendation to the Proper Officer:-

To exclude the report under Para.14 Information relating to financial affairs on the basis that disclosure of the information could give an unfair advantage to tenderers for commercial contracts.

### EXEMPTIONS APPLYING TO THE REPORT:

All

### FACTORS IN FAVOUR OF DISCLOSURE:

Openness and for interested parties to understand MCC;s future policy

### PREJUDICE WHICH WOULD RESULT IF THE INFORMATION WERE DISCLOSED:

Market advantage as OBC includes detailed analysis and includes the market assumptions which could prejudice or strongly influence received bids, thus making the procurement process uncompetitive.

### MY VIEW ON THE PUBLIC INTEREST TEST IS AS FOLLOWS:

To exclude the report and its Appendices

### RECOMMENDED DECISION ON EXEMPTION FROM DISCLOSURE:

Date: 18<sup>th</sup> January 2016

Signed: 

Post: Head of Waste & Street Services

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I accept/do not accept the recommendation made above

Proper Officer: 

Date: \_\_\_\_\_ 2<sup>nd</sup> March 2016 \_\_\_\_\_

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