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| SUBJECT: | WELSH GOVERNMENT RESPONSE TO MONMOUTHSHIRE'S REPLACEMENT LOCAL DEVELOPMENT PLAN PREFERRED STRATEGY |
| MEETING: | SPECIAL MEETING OF ECONOMY AND DEVELOPMENT SELECT COMMITTEE |
| DATE: | 14 DECEMBER 2021 |

1. PURPOSE:

- 1.1 The purpose of this report is to invite the Economy and Development Select Committee to consider the implications for Monmouthshire's communities of the Welsh Government's consultation response to the Replacement Local Development Plan (RLDP) Preferred Strategy, in particular the Welsh Government's maximum dwelling requirement for the RLDP. The feedback from the meeting, including input from stakeholders and interested parties via public forum, will help inform the Council on how it proceeds with the RLDP.

2. RECOMMENDATIONS:

- 2.1 To consider the implications for Monmouthshire's communities of the Welsh Government's consultation response to the Preferred Strategy, in particular the Welsh Government's maximum dwelling requirement for the RLDP.

3. KEY ISSUES:

Background

- 3.1 The Council is preparing a RLDP for the County (excluding the area within the Brecon Beacons National Park) to cover the period 2018-2033. The RLDP will set out land use development proposals for the County and will identify where and how much new, sustainable development will take place over the replacement Plan period. It will also identify areas to be protected from development and contain policies against which future planning applications will be assessed.
- 3.2 The RLDP is underpinned by a clear evidence base. Early stages of the project identified 38 issues based on a range of evidence including responses to consultation on the Public Service Board's Local Wellbeing Plan. The RLDP's issues, vision and objectives were subject of targeted engagement in January-February 2019 and were approved by Cabinet at the start of May 2019. They were reviewed in the light of the subsequent Climate Emergency declaration by Council in May 2019, and approved by Cabinet again in July 2019¹. The seventeen objectives are grouped to reflect the seven wellbeing goals and not order of importance. However, as the Plan emerges, three core themes are apparent: affordable housing, demographic balance, and the climate emergency. The issues, vision and objectives were reviewed² in the light of the Covid-19 pandemic, which demonstrated that the Plan's strategic direction of

¹ RLDP Issues, Vision and Objectives Paper (January 2019, as amended June 2019)

<https://www.monmouthshire.gov.uk/app/uploads/2020/12/Draft-Issues-Vision-and-Objectives-Paper-June-2019.pdf>

² June 2020 and September 2020 <https://www.monmouthshire.gov.uk/planning-policy/plan-preparation/issues-vision-and-objectives/>

travel remains relevant and identified a number of key messages that will require ongoing consideration as the RLDP progresses.

- 3.3 The revisited RLDP Growth and Spatial Options Paper was subject to non-statutory consultation during January – February 2021. This set out alternative growth and spatial options for the RLDP, together with the implications of each option and the extent to which they would achieve the RLDP objectives. The consultation paper clearly identified the Council's preferred growth and spatial options that are considered to best address the County's key issues/challenges and meet the RLDP objectives.
- 3.4 Of note, Welsh Government, as a statutory consultee, was notified of this consultation but did not submit a response. In contrast, Welsh Government *did* respond to the previous Growth and Spatial Options in [July 2019](#), making no comment on the level of growth in the options. Planning officers met with Welsh Government officials including the Chief Planner in April 2021 to discuss what Future Wales the National Plan 2040 means for Monmouthshire. WG officials did not raise any concerns regarding the Council's preferred level of growth at that time.

RLDP Preferred Strategy

- 3.5 The [Sustainable and Resilient Communities Strategy](#)³ was endorsed by Council on 24th June 2021 for statutory consultation/engagement and stakeholder involvement for 9 weeks from 5th July to 31st August 2021. The Preferred Strategy provides the strategic direction for the development and use of land in Monmouthshire (excluding the area within the Brecon Beacons National Park) over the Plan period 2018 to 2033 and identifies how much sustainable growth is needed and where this growth will broadly be located. Its preparation was guided by a framework of key inputs that included the assessment and consideration of the growth and spatial options, responses from the consultation process, the findings of the [Integrated Sustainability Appraisal \(ISA\)](#), the [Sustainable Settlement Appraisal](#), [Future Wales the National Plan 2040](#), the LDP tests of soundness⁴, Welsh Government's [Building Better Places](#) document, and the pressing need to address the key challenges relating to the County's demography, affordability and climate emergency to achieve a sustainable balanced deliverable outcome.
- 3.6 The Preferred Growth Strategy is based on a population-led scenario. This means that the Strategy is built around the desired population profile in 2033, and the number of dwellings and jobs required to support that population outcome are added. Monmouthshire's population grows via inward migration: its natural population growth would otherwise be negative, with more deaths than births. A number of policy assumptions are designed into the Preferred Strategy to address the County's key demographic and affordability issues⁵. This approach is in accordance with planning policy guidance set out in PPW11 (paragraphs 4.26 – 4.27) and the Development Plans Manual (paragraphs 5.51 – 5.54 Alternative Growth Scenarios). These policy assumptions:
- adjust in-migration rates to reflect local trends over a five-year period (2015-2020) to take account of realistic levels of in-migration following removal of the Severn Bridge Tolls;
 - increase the household formation rates for the 19-34 year old age groups to provide homes for younger age groups currently unable to secure their own home within Monmouthshire and either living with friends or parents or leaving the County to secure a home elsewhere; and

³ <https://www.monmouthshire.gov.uk/app/uploads/2021/07/Preferred-Strategy-June-2021.pdf>

⁴ <https://gov.wales/sites/default/files/publications/2020-03/development-plans-manual-edition-3-march-2020.pdf>

⁵

- reduce commuting ratio assumptions to reflect the Council’s aim of encouraging more in-County employment to reduce out-commuting. This objective is further supported by the Welsh Government target of 30% of the Welsh workforce working from home or near home, and the Welsh Government’s transport policy hierarchy which seeks to reduce the need to travel in the first instance, followed by active travel, then public transport, then the private car.

3.7 The Strategy also incorporates an affordable housing policy-led element to deliver additional affordable homes. This approach is supported by the Minister’s letters of July 2019 and November 2021 in which Julie James states (emphasis added):

“The Welsh Government is determined to support the building of a new generation of council homes at scale and pace to meet the needs of communities across Wales. The direct provision of social housing requires concerted effort across the public sector...”

“When reviewing LDPs local planning authorities must make provision for affordable housing led housing sites. Such sites will include at least 50% affordable housing, which is defined as social rented housing provided by local authorities and registered social landlords, and intermediate housing where prices or rents are above those of social rent but below market levels and there are secure arrangements to recycle receipts to use for future affordable housing where full ownership is achieved. In the first instance affordable housing led housing sites should make use of public land. Where public land is not available, privately owned land may be identified. Sites should not be inferior in any way to sites which are being promoted for market housing.”

Letter from Minister for Climate Change, Julie James, 8th July 2019 (Appendix 1)

“Local Planning Authorities (LPAs) must, when complying with their statutory duty to prepare LDPs, address the need for affordable housing. Our national planning policy makes it clear that when reviewing LDPs, LPAs must make provision for affordable housing led housing sites. Such sites will include at least 50% affordable housing...”

Letter from Minister for Climate Change, Julie James, 17th November 2021 (Appendix 2)

3.8 The affordable housing-led policy element would deliver approximately 1,410 additional homes of which 50% would be affordable. This additional element of growth aims to meet 10% of the Local Housing Market Assessment (LHMA) need (December 2020). The Preferred Strategy proposes 50% affordable housing-led sites on the basis that they would be deliverable and would create mixed, balanced communities. The level of housing to be provided on these additional sites was limited to approximately 1,410 homes to ensure the total level of growth in the Plan is sustainable, taking into account the findings of the Integrated Sustainability Appraisal.

3.9 Delivering the Sustainable and Resilient Communities Strategy requires the provision of 7,605 homes (507 dwellings per annum) to support the population-led scenario. This level of housing growth will enable the provision of market and affordable housing in both urban and rural areas and, vitally, it provides the opportunity to help address the County’s imbalanced demography, maintain an economically active labour force by retaining/attracting younger adult population age groups and assists in addressing

the County's affordable housing crisis. Land allocations, a policy framework for employment uses and wider Council initiatives, including the Council's Economic Ambition Statement, will support the provision of 7,215 jobs which would align with the increased economically-active population and ambitions to reduce out-commuting.

- 3.10 Taking account of the existing housing land supply and projected windfall sites, delivering the Preferred Strategy's housing requirement of 7,605 homes will require the allocation of sufficient land to accommodate 2,897 homes. (These figures exclude any potential flexibility allowance to enable a direct comparison with the Welsh Government's response to the Preferred Strategy). This is because we have a committed housing supply of 4,708 homes comprising:
- 1,218 homes already completed between 2018 and 2021;
 - 1,642 homes on sites that already have planning permission and are realistically expected to come forward by 2033;
 - 300 homes on three adopted LDP sites that are still progressing (Vinegar Hill, Undy; Tudor Road, Wyesham; and Drewen Farm, Monmouth);
 - 553 homes on windfall sites, based on past trends;
 - 995 homes on small sites of fewer than 10 homes, based on past trends (sites this small are not allocated in LDPs).
- 3.11 The Second Call for Candidate Sites commenced alongside the Preferred Strategy consultation. Approximately 450 responses have been received to the Preferred Strategy consultation. Approximately 150 candidate sites proposed for development have also been submitted, together with 8 candidate sites for protection.
- 3.12 Achieving the objectives of the Sustainable and Resilient Communities strategy and the three core challenges of affordable housing, demographic balance and the climate emergency will require a number of factors in the Deposit Plan: the allocation of sustainably located sites for development based on the principles of twenty minute neighbourhoods, prioritisation of brownfield sites, infrastructure to ensure connectivity and to support the travel hierarchy in the Monmouthshire context, and policies requiring net zero homes, ensuring a suitable housing mix, and considering other tools such as local sales.

Welsh Government Consultation Response to the RLDP Preferred Strategy

- 3.13 Welsh Government's consultation response to the RLDP Preferred Strategy covers four main matters within the Preferred Strategy:
- 1) Absence of four evidence-base papers relating to strategic site delivery, high-level/site-specific viability appraisal, renewable energy assessment and a gypsy and traveller assessment.
This evidence base is all in hand to inform the Deposit Plan and we have deliberately sequenced the work this way. Of note, the Council submitted its Gypsy Traveller Accommodation Assessment to WG in January 2021 and is still awaiting sign-off.
 - 2) Helpful comments are provided suggesting improvements to the wording of strategic policies.
 - 3) Concerns about delivery of our employment aspirations.
 - 4) An objection to our proposed housing growth of 7,605 homes and a proposed maximum growth of between 2,610 and 4,275 homes. This objection is based on the underlying opinion that Monmouthshire's proposed growth level will impact on Future Wales 2040's 'national growth area' comprising Newport, Cardiff and the South Wales valleys.

The fourth point above is the primary concern that requires consideration by this Select Committee to understand its implications.

3.14 WG sets out an objection (attached at **Appendix 3**) regarding the Strategy's 'general conformity' with policies 1 and 33 of Future Wales the National Plan 2040. In Annex A of the consultation response, Welsh Government seek to prescribe to Monmouthshire County Council a maximum dwelling growth of 4,275 dwellings over the Plan period 2018-2033 which equates to 285 dwellings per annum, stating:

“To be considered to be in general conformity with Future Wales the Monmouthshire RLDP must provide for a lower level of housing. The WG principal housing projection for the plan area, 2,610 units, provides a starting point for the level of housing required. In recognition of build rates achieved over the last 10 years, a higher level of housing may be justified. The proposed level of housing growth should however be no greater than 4,275 units (15 x the 10 year build rate) plus an appropriate flexibility allowance. This will ensure that Monmouthshire continues grow in a sustainable manner based on a locally appropriate level of development which is compatible with policies 1 and 33 of Future Wales”

3.15 To help frame this discussion, this report sets out below a number of key aspects for consideration:

- The status of the Welsh Government's letter;
- The origin of the Future Wales 2040 population projections for the region;
- The implications of the Welsh Government's maximum growth level of 4,275 homes on the content of the RLDP;
- The implications of the Welsh Government's maximum growth level of 4,275 homes on achieving the core RLDP objective to deliver affordable housing;
- The implications of the Welsh Government's maximum growth level of 4,275 homes on the achieving the core RLDP objective of greater demographic balance to ensure sustainable and resilient communities;
- The implications of the Welsh Government's maximum growth level of 4,275 homes on the economic prosperity of Monmouthshire's communities;
- The appropriateness of WG prescribing a maximum growth level on a Local Planning Authority;
- The appropriateness of using past build rates as a methodology;
- General conformity with Future Wales 2040; and
- Consideration of whether such a Plan would meet the tests of soundness.

The status of the WG letter

3.16 The Welsh Government's letter is a representation from a statutory consultee on the RLDP. Although an important stakeholder, the Welsh Government is not the ultimate decision-maker on the RLDP: it is the independent planning inspector who, at examination, will determine whether or not Monmouthshire's RLDP is sound.

The origin of the Future Wales 2040 population projections for the region

3.17 FW2040 states at page 167 that:

“Under the Welsh Government central estimates 66,400 additional homes are needed in the region until 2039 and over the initial five years (2019-20 to 2023-24) 48% of the additional homes needed should be affordable homes. These estimates provide part of the evidence and context on which Housing Requirements for Strategic Development Plans can be based and should be considered at the regional scale. Understanding and managing different development pressures across the region will be a key issue for Strategic Development Plans. Strategic housing issues must be considered at the regional level and not on the basis of the aspirations of individual local planning authorities.”

- 3.18 The Welsh Government’s response to Monmouthshire’s Preferred Strategy focuses on the population projections in FW2040. Housing need figures are not the same as housing requirement figures, the latter being the result of applying outcome-based policy adjustments and aspiration.
- 3.19 Planning Policy Wales edition 11 (PPW11) notes that WG projections are part of the evidence base, along with the LHMA and Well-being Plan, when considering the housing requirement. They are not the starting point when considering the housing requirement. This is at odds with the advice in the letter which refers to the PS housing requirement figure being 4,995 dwellings above the WG principal projections.

PPW11 states:

“4.2.6 The latest Welsh Government local authority level Household Projections for Wales, alongside the latest Local Housing Market Assessment (LHMA) and the Well-being plan for a plan area, will form a fundamental part of the evidence base for development plans. These should be considered together with other key evidence in relation to issues such as what the plan is seeking to achieve, links between homes and jobs, the need for affordable housing, Welsh language considerations and the deliverability of the plan, in order to identify a appropriate strategy for the delivery of housing in the plan area. Appropriate consideration must also be given to the wider social, economic, environmental and cultural factors in a plan area in order to ensure the creation of sustainable places and cohesive communities.

4.2.7 Household projections provide estimates of the future numbers of households and are based on population projections and assumptions about household composition and characteristics. Certain elements of the projections, such as births and deaths, will remain relatively constant throughout the plan period. However other elements, such as migration and household formation rates, have the ability to influence outcomes significantly. Planning authorities need to assess whether the various elements of the projections are appropriate for their area, and if not, undertake modelling, based on robust evidence, to identify alternative options.”

The implications of the Welsh Government’s maximum growth level of 4,275 homes on the content of the RLDP

- 3.20 As set out in paragraph 3.10 above, we have 4,708 homes in our committed housing supply. This means a RLDP with growth capped at 4,275 homes (285 dwellings per annum) would contain no new housing allocations. This is illustrated in the table below. Even with a 10% flexibility allowance added (giving a total of 4,703 homes) there would not be a need for any new housing allocations over the Plan period.

| | RLDP Preferred Strategy | WG proposed maximum growth level |
|--|--------------------------------|---|
| Number of Dwellings 2018 - 2033 | 7,605 (507 dpa) | 4,275 (285 dpa) |
| Existing Commitments & Allowances | 4,708 | 4,708 |

| | | |
|-----------------------------------|-----------------------|-----------------------|
| New Housing Allocations | 2,897 | 0 |
| Number of Jobs 2018 - 2033 | 7,215 (481 pa) | 4,230 (282 pa) |

- 3.21 This Welsh Government maximum level of growth is significantly below the current (adopted) LDP dwelling requirement of 4,500 homes (450 dwellings per annum). As demonstrated in our AMRs, while the delivery of LDP allocated sites was initially slower than anticipated, the sites are now progressing at pace with recent build rates being close to the LDP dwelling requirement – illustrated below. Build rates over the past 5 years have averaged 347 dwellings per annum, substantially above the WG maximum figure. Taking account of completions, existing commitments, windfalls and small sites, even without any new housing allocations, there would be a surplus/over provision of 433 dwellings over the Plan period.
- 3.22 This Select Committee is invited to consider the implications of not allocating any new land for residential development on the Council's ability to deliver the range/number of homes to address the demographic imbalance, to retain and attract the economically active age groups and to provide the type of homes the ageing demographic would require.

The implications of the Welsh Government's maximum growth level of 4,275 homes on achieving the core RLDP objective to deliver affordable housing

RLDP Objective 10: Housing Delivery

Provide a level of housing that is sufficient to provide a wide-ranging choice of homes both for existing and future residents, while ensuring that local needs for appropriate, affordable and accessible housing are met as far as possible, particularly in towns but also in rural areas, so long as such housing can assist in building sustainable balanced communities.

- 3.23 At June 2021, our affordable housing waiting list comprised 2,440 households in housing need (bands 1-4). The Local Housing Market Assessment (December 2020) identifies an affordable housing delivery need of 468 affordable homes per annum over the next five years. While it is accepted that LHMA need cannot be delivered solely via LDPs, it shows the scale of the County's problem. Of this need, the evidence shows that 68% is for social rented homes, 7% for intermediate rent and 25% for low cost home ownership (LCHO).
- 3.24 The RLDP Preferred Strategy's housing requirement (without flexibility added) would deliver approximately 2,169 affordable homes. There are approximately 961 affordable homes in our committed housing supply: the WG maximum housing growth figure therefore caps us at achieving roughly this level of affordable housing provision over the Plan period. Given that the Welsh Government's maximum level of growth requires no new housing allocations, the only scope to increase affordable housing delivery lies with the 1,848 dwellings that do not yet have planning permission. However, of these, 995 homes are on small site windfalls, a large proportion will be developments of 1-4 homes which typically provide a commuted sum rather than on-site affordable housing. A further 300 homes are on current LDP allocations which are progressing under the adopted LDP policies. Without any new housing land allocations, there can be no land supply to support different delivery models such as a Council-led Development Company.

3.25 Future Wales Policy 7 'Delivering Affordable Homes' states:

"The Welsh Government will increase delivery of affordable homes by ensuring that funding for these homes is effectively allocated and utilised. Through their Strategic and Local Development Plans planning authorities should develop strong evidence-based policy frameworks to deliver affordable housing, including setting development plan targets based on regional estimates of housing need and local assessments. In response to local and regional needs, planning authorities should identify sites for affordable housing led developments and explore all opportunities to increase the supply of affordable housing."

3.26 Of note, the WG maximum growth level would rule out the provision of any new affordable housing-led allocations, despite this being a clear requirement set out in the letters from Julie James of July 2019 and November 2021 (emphasis added):

*"The Welsh Government is determined to support the building of a new generation of council homes at scale and pace to meet the needs of communities across Wales. **The direct provision of social housing requires concerted effort across the public sector...**"*

*"Up to date Local Development Plans (LDPs) are a cornerstone for housing delivery by identifying the best sites for new homes. **Local planning authorities must, when complying with their statutory duty to prepare LDPs, address the need for affordable housing.**"*

*"**LDPs must be informed by evidence including the estimates of housing need in Wales by tenure and Local Housing Market Assessments which together identify the type and tenure of housing required...**"*

*"**When reviewing LDPs local planning authorities must make provision for affordable housing led housing sites. Such sites will include at least 50% affordable housing**, which is defined as social rented housing provided by local authorities and registered social landlords, and intermediate housing where prices or rents are above those of social rent but below market levels and there are secure arrangements to recycle receipts to use for future affordable housing where full ownership is achieved. In the first instance affordable housing led housing sites should make use of public land. Where public land is not available, privately owned land may be identified. Sites should not be inferior in any way to sites which are being promoted for market housing."*

Letter from Minister for Climate Change, Julie James, 8th July 2019 (Appendix 1)

*"Up to date Local Development Plans (LDPs) are a cornerstone for housing delivery by identifying the best sites for new homes. **Local Planning Authorities (LPAs) must, when complying with their statutory duty to prepare LDPs, address the need for affordable housing. Our national planning policy makes it clear that when reviewing LDPs, LPAs must make provision for affordable housing led housing sites. Such sites will include at least 50% affordable housing**, which is defined as social rented housing provided by local authorities and registered social landlords, and intermediate housing where prices or rents are above those of social rent but below market levels and there are secure arrangements to recycle receipts to use for future affordable housing where full ownership is achieved. In the first instance affordable housing led housing sites should make use of public land. Where public land is not available, privately owned land may be identified. Sites*

should not be inferior in any way to sites which are being promoted for market housing.”

Letter from Minister for Climate Change, Julie James, 17th November 2021
(Appendix 2)

- 3.27 Good quality and affordable housing is important in achieving poverty reduction and equitable prosperity, and supporting the best start in life. The Select Committee is invited to consider the extent to which the WG maximum growth level will address the key housing affordability issue in the County (RLDP Objectives 9, 10, 11, 12 and 13), meet the evidenced affordable housing need in the County (2,440 households in bands 1-4 at June 2021), comply with the requirements of the Minister’s letters dated July 2019 and November 2021, and be consistent with Policy 7 of Future Wales 2040 which requires local planning authorities to identify sites for affordable housing-led developments in response to local needs.

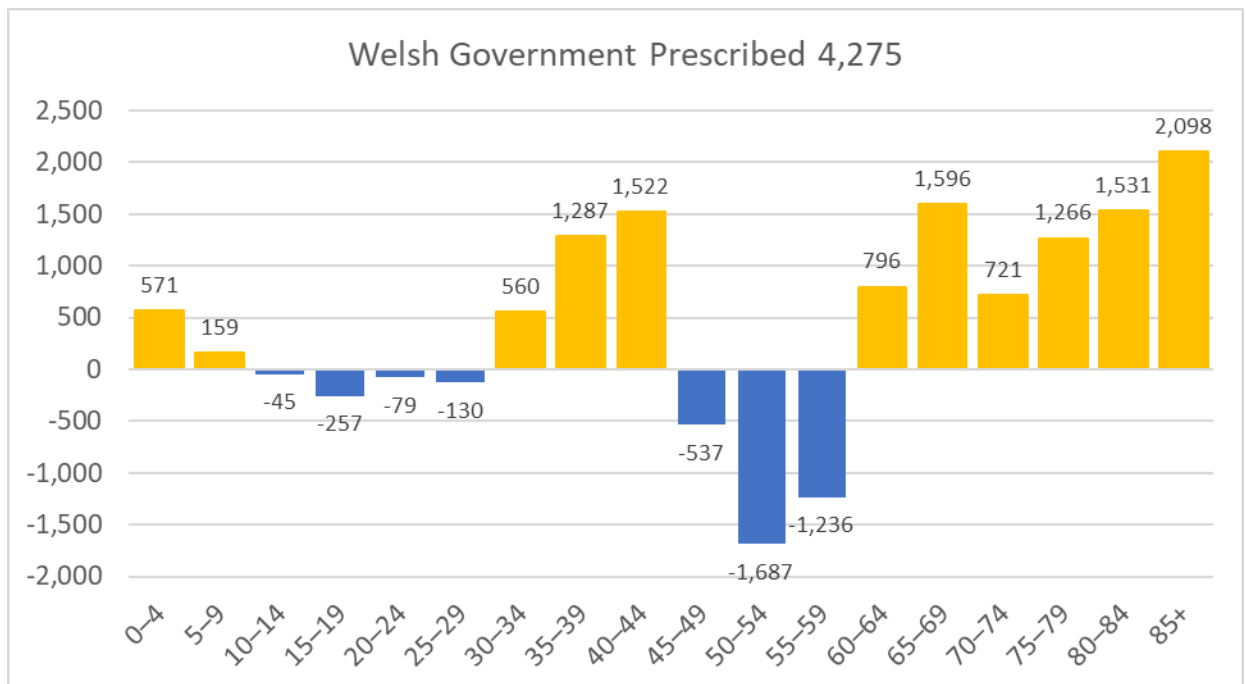
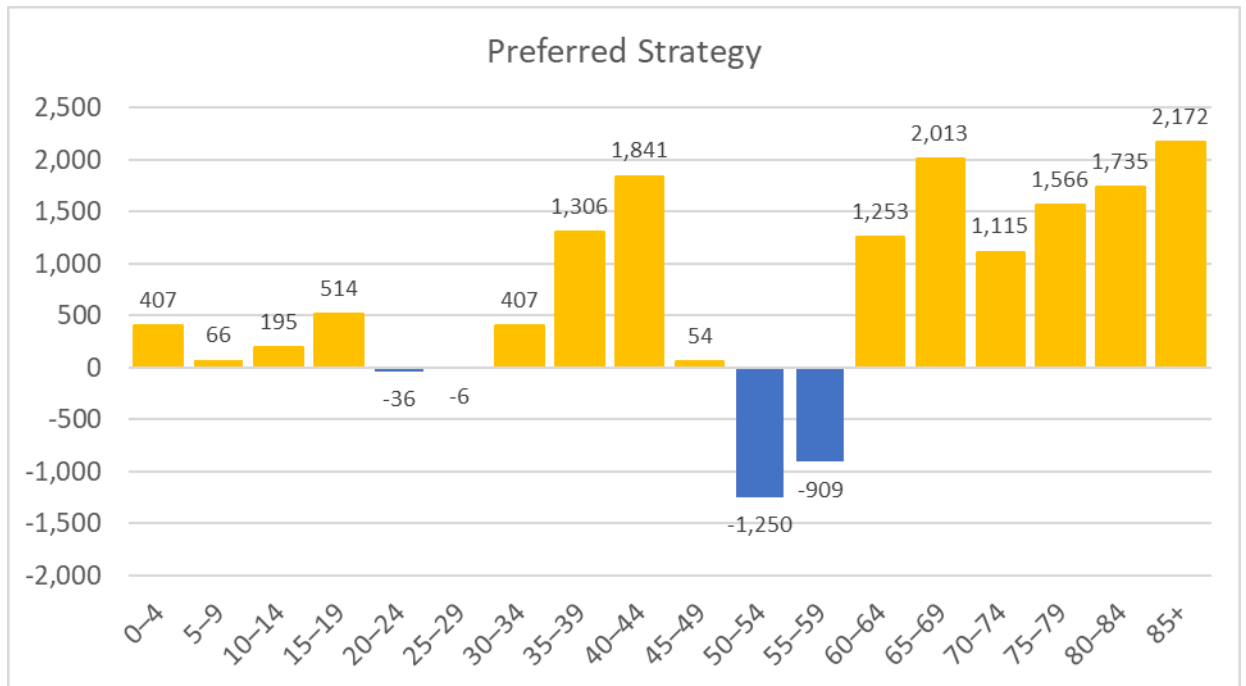
The implications of the Welsh Government’s maximum growth level of 4,275 homes on the achieving the core RLDP objective of greater demographic balance

RLDP Objective 9: Demography

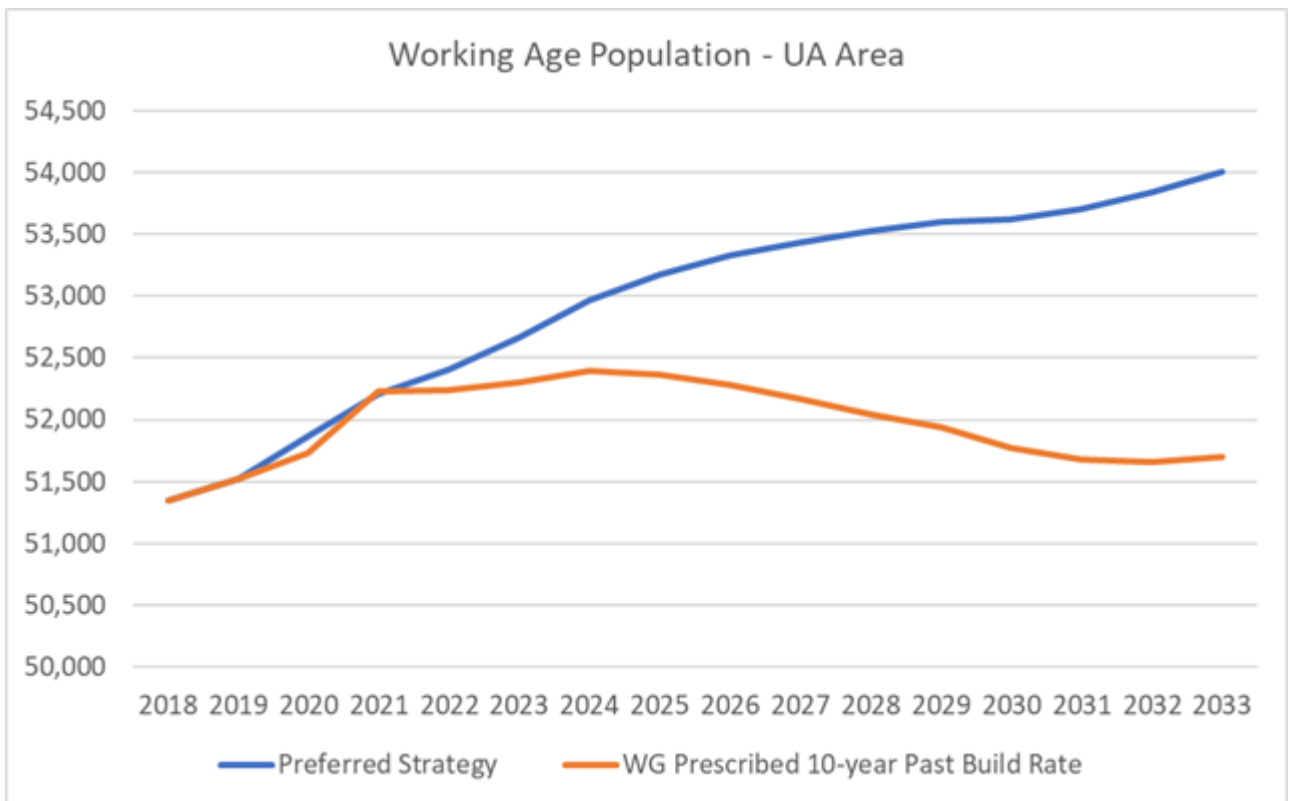
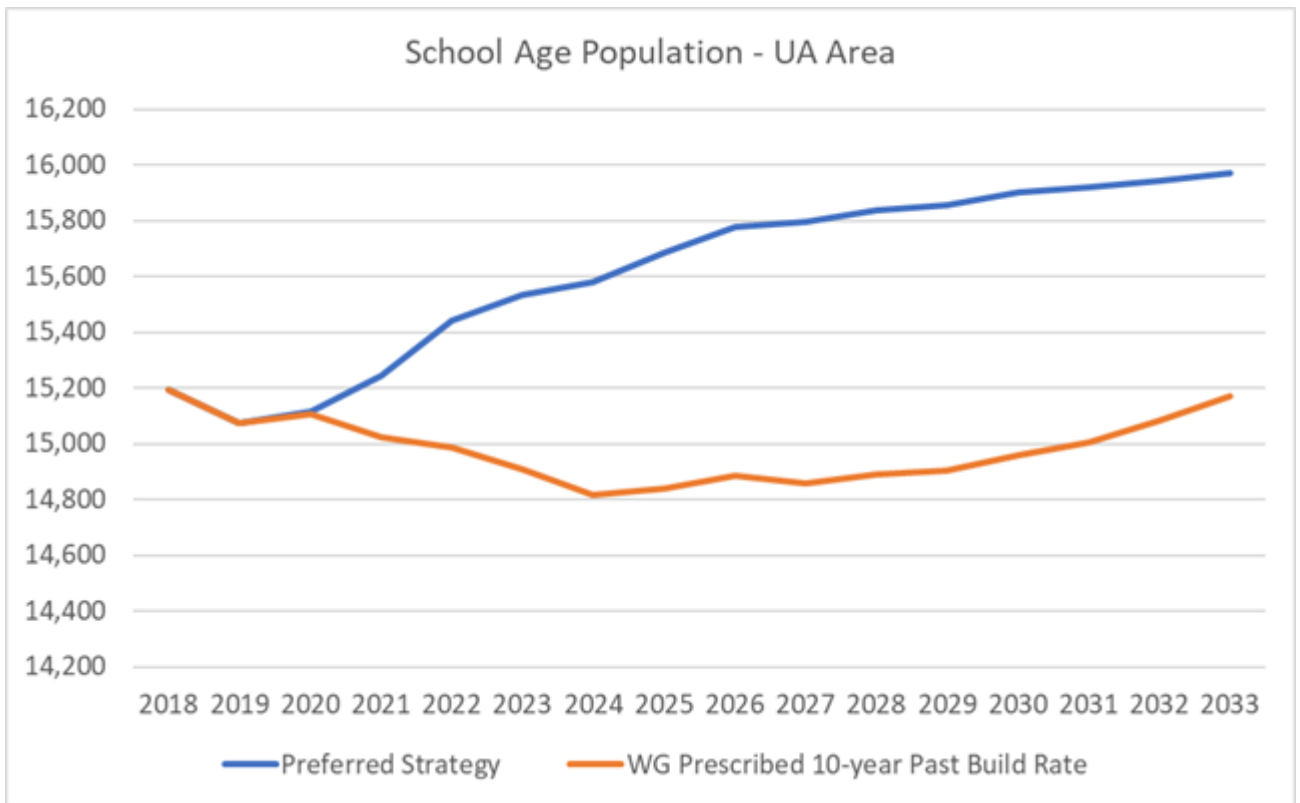
Increase opportunities for the younger population to both live and work within Monmouthshire to assist in ensuring a balanced demography.

- 3.28 Future Wales 2040 Policy 4 ‘Supporting Rural Communities’, seeks to achieve age balanced communities in rural areas. The policy states:
“The Welsh Government supports sustainable and vibrant rural communities. Strategic and Local Development Plans must identify their rural communities, assess their needs and set out policies that support them. Policies should consider how age balanced communities can be achieved, where depopulation should be reversed and consider the role of new affordable and market housing, employment opportunities, local services and greater mobility in tackling these challenges.”

3.29 The graphs below illustrate the impact on different age cohorts of the RLDP Preferred Strategy and the WG maximum growth level. The graph for the Preferred Strategy is based on the 2019 mid-year population estimates and covers the whole of Monmouthshire's unitary authority area including the part within the Brecon Beacons National Park. This is because the Preferred Strategy proposes that Monmouthshire's RLDP includes the growth for the part of the County within the National Park. The graph for the Welsh Government ten year past build rates is also based on the 2019 mid-year population estimates but covers only the Local Planning Authority area (i.e. excludes the National Park area). This is because the past build rates referred to are for the LPA area only.

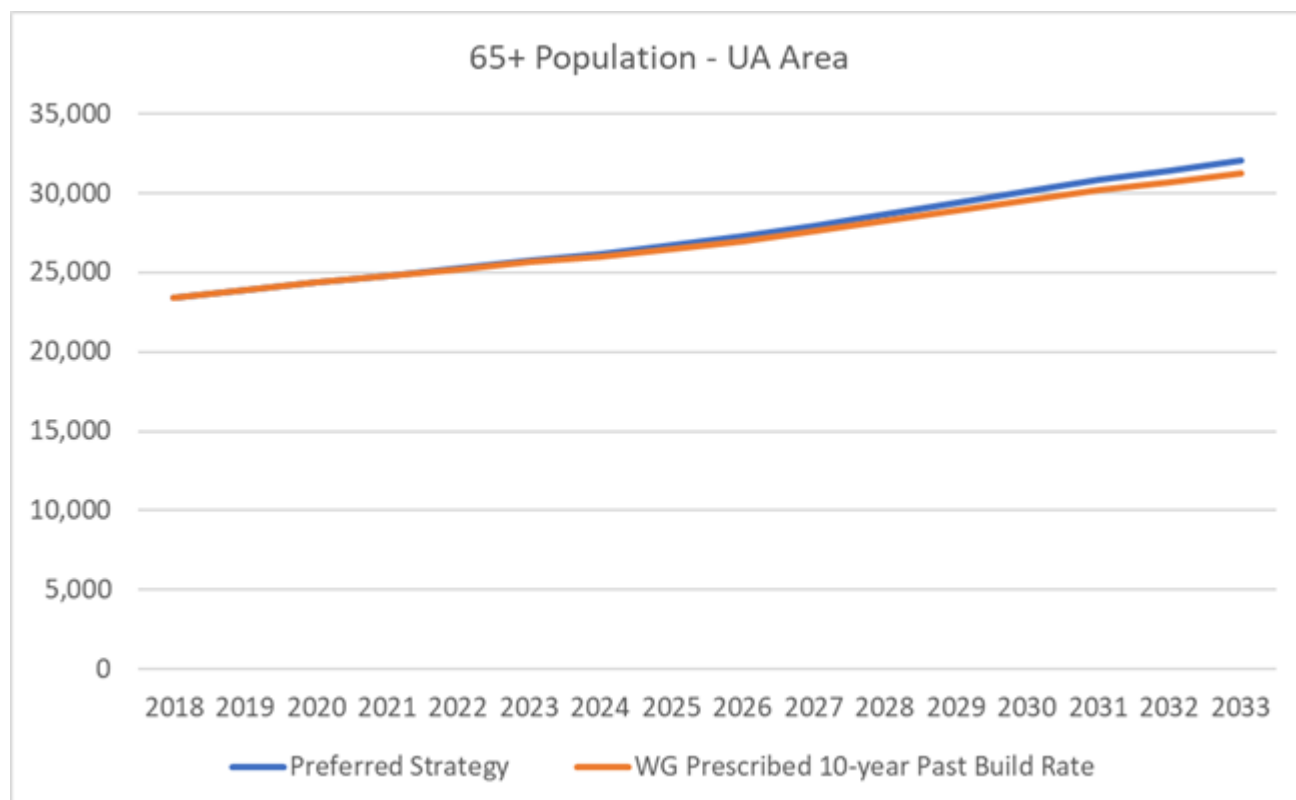


3.30 The graphs below compare the impact of the RLDP Preferred Strategy and the WG maximum growth level for the school age population (5-19 years), economically active population (20-64 years) and over 65s.



3.31 On 18th October 2021, [Economy Minister Vaughan Gethin](#) spoke of the ‘significant challenge’ of retaining and attracting talent to support the country’s economy. The Welsh Government is launching a drive to persuade more young people to remain in their homeland amid growing concerns that the percentage of working-age citizens is

dropping to worryingly low levels. Ministers fear that unless the “brain drain” is stopped – and more talented people can be attracted in – within a few decades the country may struggle to pay the bills to look after its ageing population.



- 3.32 The graph above shows the increase in the 65+ age groups is almost identical under both scenarios. The key factor for consideration is therefore the extent to which the remainder of the population is socially sustainable and able to support and care for the older people in our communities. Covid-19 has clearly demonstrated the strength of communities that have come together to volunteer and support the most vulnerable.
- 3.33 The Select Committee is invited to consider the extent to which the WG maximum growth level will address the objective of attracting and retaining younger people, increasing the economically active population and creating a more balanced demographic.

The implications of the Welsh Government’s maximum growth level of 4,275 homes on the economic prosperity of Monmouthshire’s communities

RLDP Objective 1: Economic Prosperity

Support a thriving, well-connected, diverse economy, which provides a range of good quality employment opportunities to enable and encourage indigenous business growth and attract inward investment and competitive innovative businesses in appropriate growth sectors, including through the provision of start-ups and grow-on spaces.

RLDP Objective 12: Communities

To build sustainable resilient communities where people have good access to employment, shops, housing, public transport, active travel, healthcare, community and cultural facilities.

RLDP Objective 13: Rural Communities

Sustain existing rural communities as far as possible by providing development opportunities of an appropriate scale and location in rural areas in order to assist in building sustainable rural communities and strengthening the rural

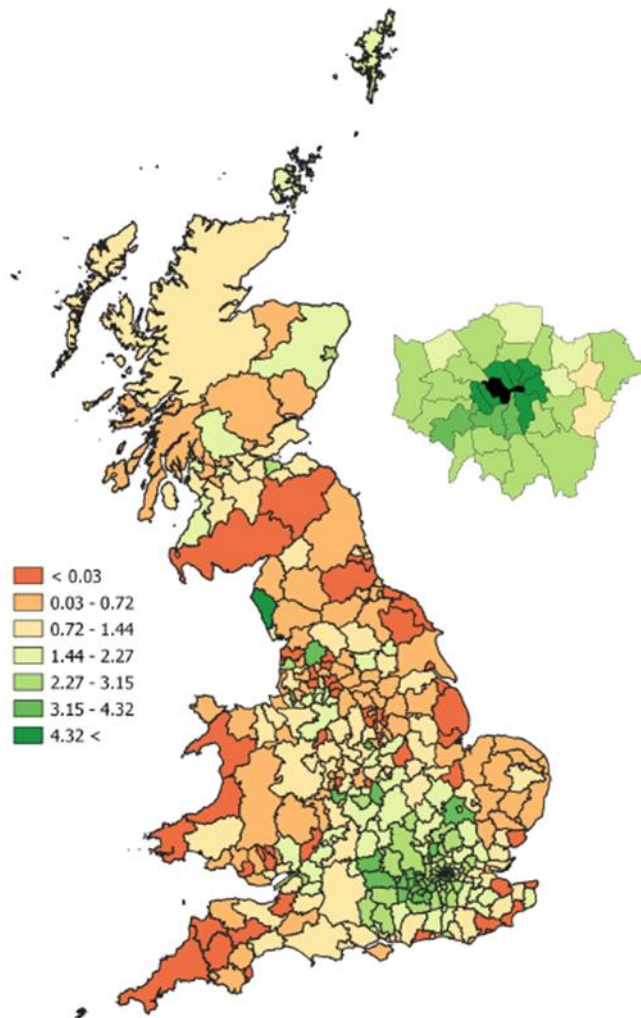
economy.

- 3.34 The Welsh Government letter comments on the divergent economic evidence base presented and questions the deliverability of the 7,215 jobs identified in the Preferred Strategy. While the RLDP is just one tool in the Council's toolbox to assist with achieving the Council's economic ambition, we acknowledge that this aspect of the RLDP requires further work.
- 3.35 Future Wales Policy 5 'Supporting the Rural Economy', supports sustainable economic growth in rural towns. The policy states (emphasis added):
*"The Welsh Government supports sustainable, appropriate and proportionate economic growth in rural towns that is planned and managed through Strategic and Local Development Plans. Strategic and **Local Development Plans must plan positively to meet the employment needs of rural areas** including employment arising from the foundational economy; the agricultural and forestry sector, including proposals for diversification; start ups and micro businesses. The Welsh Government also strongly supports development of innovative and emerging technology businesses and sectors to help rural areas unlock their full potential, broadening the economic base, and creating higher paid jobs."*
- 3.36 The UK Competitiveness Index 2021 is a measure of the long-run potential of localities, cities and regions to generate economic growth and well-paid employment. The November 2021 index takes account of the impacts of Brexit and Covid-19. Competitiveness is measured by analysing three factors:
- o Input Factors: Economic Activity Rates; Business Start-ups per 1,000 inhabitants; number of businesses per 1,000 inhabitants; proportion of working age population with NVQ Level 4 or higher; proportion of knowledge-based business.
 - o Output Factors: Gross Value Added per capita at current basic prices; Productivity – Output per hour worked; Employment Rates.
 - o Outcome Factors: Gross weekly pay; unemployment rates.
- 3.37 The ultimate aim of policy makers seeking to increase competitiveness should be to improve the welfare of their resident population, so this means increases in the UKCI are about the potential to increase employment and wages rather than shedding jobs and reducing wages to cut costs.
- 3.38 Monmouthshire is ranked 2nd in Wales and 147th in the UK for competitiveness (November 2021) compared to 3rd in Wales and 158th in the UK in 2018. Cardiff remains 1st in Wales and is now 133rd in the UK in whole of UK, up one place from its 2018 UK ranking. Blaenau Gwent remains the least competitive locality in UK, being least well-placed to withstand and recover from Covid-19. Merthyr Tydfil is 5th from bottom in the UK.
- 3.39 The November 2021 report goes on to consider the potential of a locality to provide a high level of living standards for its residents on an on-going basis, providing an insight into those localities with the greatest potential to generate high value jobs and production in the future. It does this by considering four different scenarios based on previous economic conditions reflecting what may happen depending on how the national and global economy respond to the current Brexit and Covid-19 challenges:
- o Boom – based on the 'boom' period prior to the Global Financial Crisis.
 - o Bust – of the 2008 Financial Crisis period itself.
 - o Recovery – characterised by limited productivity gains after the Financial Crisis.

- o Longer run – pattern over all these periods based on the OECD forecasts of growth for the UK over the next 20 years and how localities have performed over the longer run in the past.

The longer-run scenario shows Monmouthshire as ranked 1st in Wales and 114th in the UK.

FIGURE 8.01: LOCAL AUTHORITY GVA PER CAPITA PREDICTED GROWTH (LONG-RUN SCENARIO)



- 3.40 The Welsh Government’s maximum housing growth of 4,275 homes by 2033 would require the provision of 4,230 jobs. The graph at paragraph 3.30 above shows that the County’s economically active workforce would increase by 2,661 people between 2018 and 2033 under the Preferred Strategy, compared to an increase of 357 people under the WG maximum growth level.
- 3.41 The UKCI report identifies that the trends in competitiveness differences suggest that the economic levelling of the UK economy over the coming years is unlikely and can only be addressed through significant additional investment in the local areas of the UK that have been left behind.
- 3.42 Monmouthshire’s high levels of education and skills, high employment rates and broad base of small and medium enterprises place the County in a strong position to continue to thrive if enabled to do so, while much needed public sector investment is focussed on areas such as Blaenau Gwent. Conversely, an affordable housing crisis caused by constraining growth will see younger age cohorts priced out of the County and a shrinking economically active population base.

- 3.43 The Select Committee is encouraged to consider the extent to which the Welsh Government's maximum growth level for Monmouthshire would support Monmouthshire's role in the CCR as a competitive and investable county, would realise Monmouthshire's strategic border location and opportunities associated with the Western Gateway, and would support our rural economy and enable people to remain in their local communities.
- 3.44 The Select Committee is invited to consider whether or not the Welsh Government's desire to focus growth on Newport, Cardiff and the Valleys by limiting growth in Monmouthshire will achieve 'levelling up' or 'levelling down'.

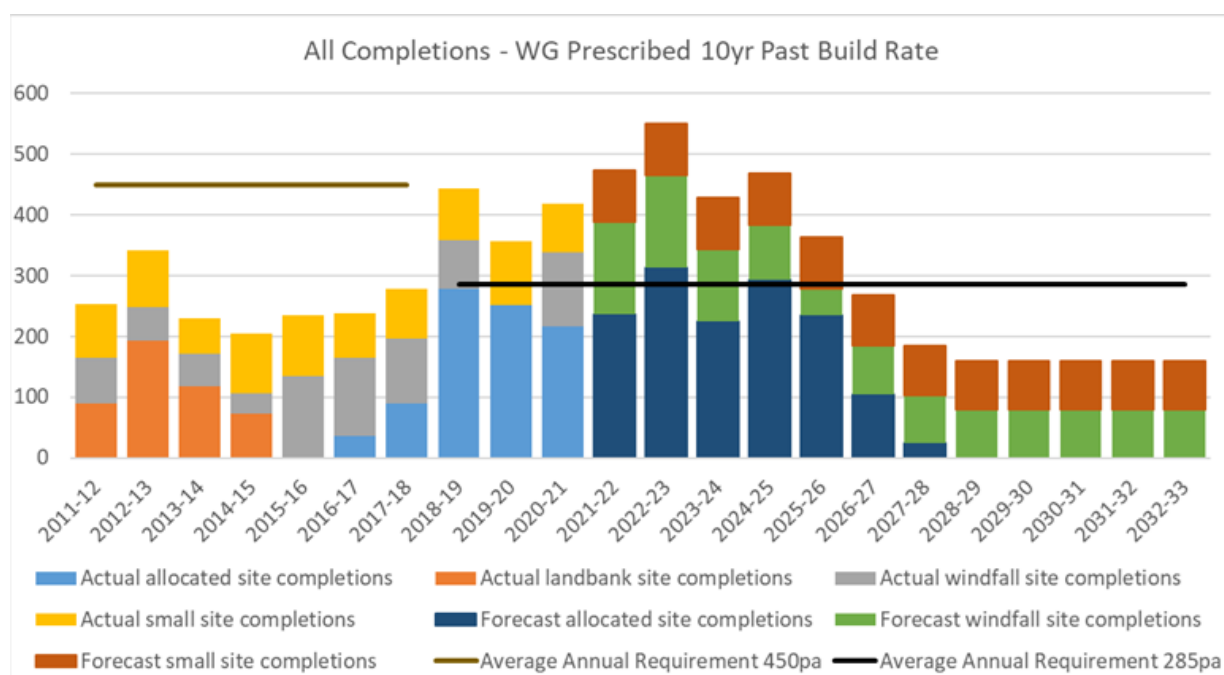
The appropriateness of WG prescribing a maximum growth level on a Local Planning Authority

- 3.45 The Sustainable and Resilient Communities Strategy is based on evidenced local needs, including issues identified via the consultation on the Local Wellbeing Plan.
- 3.46 Page 15 of Future Wales states that:
"Future Wales does not seek to take decisions that are most appropriately taken at the regional or local level. It provides strategic direction for all scales of planning and sets out policies and key issues to be taken forward at the regional scale. It does not seek to identify the exact location for new development or the scale of growth in individual settlements. The regional and local tiers are the most appropriate level at which to take these decisions, involving communities as they do so."
- 3.47 The Select Committee is invited to consider whether or not the Welsh Government's desire to focus growth on Newport, Cardiff and the Valleys by limiting growth in Monmouthshire addresses the wellbeing of Monmouthshire's communities, including the wellbeing of future generations.

The appropriateness of using past build rates

- 3.48 The WG dwelling requirement of 4,275 is based on the past 10-year build rate in the County (i.e. 15 years x 285 dwellings per annum). The Select Committee is invited to consider the appropriateness of using past build rates to determine our future levels of growth.
- 3.49 In some areas of Wales, particularly where development viability is marginal, past build rates can give a helpful indication of what the development industry is able to realistically deliver. However, in an area like Monmouthshire, past build rates are primarily a factor of how much land previous Development Plans have allocated, and therefore how much development has been allowed. Fluctuations in build rates can be mapped against UK-wide economic cycles (such as the 2008 economic downturn) and Development Plan delivery cycles, with a drop as Plans are delivered until the new Plan is adopted. Consequently, past build rates simply replicate what has been allowed to happen in the past. It's essentially 'planning forwards, looking backwards'.
- 3.50 The Welsh Government's Development Plans Manual (Edition 3, March 2020) paragraph 5.57 notes: *'Just relying on past build rates as the sole evidence base to quantify future employment and housing land requirements is not sufficient on its own. Additional evidence will be required to identify the scale of new jobs and homes necessary and the related land requirement'*.
- 3.51 The 10-year past build rates used by WG includes a period constrained by the aftermath of the 2008 economic recession as well as the preparation of the current LDP to replace the previous UDP. These factors artificially deflate the numbers. Our

AMRs clearly indicate that the past 5 years are more reflective of reality as LDP allocated sites are delivered, and unconstrained by external influences. The graph below shows past build rates (dwelling completions per annum) back to 2011 together with the projected build rates from the Housing Land Availability Schedule which identifies all sites that will realistically come forward with completed dwellings each year over the next five years. The number of homes already completed since 2018, plus the number consented and realistically being delivered over the next five years to 2026 exceeds the 285 dwellings per annum 10-year average past build rate resulting in an over-delivery of 433 homes by 2033 simply through the past trend of windfall sites. The graph below shows the different components of housing delivery: both housing delivery since the start of the RLDP Plan period and the agreed trajectory of house building over the next five years far exceeds the ten year past build rate, illustrating that it is not an appropriate methodology for planning the future.



3.52 The Select Committee is invited to consider the pros and cons of the two methodologies, namely the use of past build rates for the last ten years or the Preferred Strategy’s population-led scenario with added assumptions in relation to household formation rates and commuting to specifically address evidence-based key local issues around demography and housing affordability and the extent to which the Council’s objectives are achieved.

General conformity with Future Wales 2040

3.53 One of the tests of soundness against which the independent inspector will examine our RLDP is its general conformity with Future Wales 2040. Future Wales 2040 was published by the Welsh Government in February 2021 and it is now a statutory Development Plan. The requirement for general conformity with FW2040 is also set out in the Planning (Wales) Act 2015⁶.

3.54 The Welsh Government’s response to the RLDP Preferred Strategy states:
“To be considered to be in general conformity with Future Wales the Monmouthshire RLDP must provide for a lower level of housing. The WG principal housing projection for the plan area, 2,610 units, provides a starting

⁶ Section 6 of the Planning (Wales) Act 2015 inserts section 60I into the PCPA 2004. Sub-section 3A states that an SDP must be in general conformity with the NDF. Section 7(1) of the Planning (Wales) Act 2015 inserts section 62(3A) into the PCPA 2004 which states that an LDP must be in general conformity with the NDF and the SDP

point for the level of housing required. In recognition of build rates achieved over the last 10 years, a higher level of housing may be justified. The proposed level of housing growth should however be no greater than 4,275 units (15 x the 10 year build rate) plus an appropriate flexibility allowance. This will ensure that Monmouthshire continues grow in a sustainable manner based on a locally appropriate level of development which is compatible with policies 1 and 33 of Future Wales”

3.55 Policy 1 (Where will Wales grow) of FW2040 states:

“The Welsh Government supports sustainable growth in all parts of Wales. In three National Growth Areas there will be growth in employment and housing opportunities and investment in infrastructure. The National Growth Areas are:

- Cardiff, Newport and the Valleys*
- Swansea Bay and Llanelli*
- Wrexham and Deeside*

The National Growth Areas are complemented by Regional Growth Areas which will grow, develop and offer a variety of public and commercial services at regional scale. There are Regional Growth Areas in three regions:

- The South West*
- Mid Wales*
- The North*

Development and growth in towns and villages in rural areas should be of appropriate scale and support local aspirations and need.”

3.56 The supporting text at page 64 of FW2040 states (emphasis added):

*“Beyond the National and Regional Growth Areas are a mix of smaller towns and villages and large areas of countryside. Many towns are traditionally market towns and have retained the function of being gathering places for people living and working in rural places...**Development in towns and villages in rural areas will support local aspirations and need, complementing rather than competing with efforts to grow our cities and towns. Policies 4 and 5 are particularly relevant in these places.***

*By focusing large scale growth on the urban areas, development pressures can be channelled away from the countryside and productive agricultural land can be protected. Rural areas have an important function as providers of food, energy and mineral resources. **Communities in rural areas are strongly supported; the aim is to secure sustainable economic and housing growth which is focused on retaining and attracting working age population and maintaining and improving access to services.** In areas designated for their landscape or ecological importance, protection against inappropriate development remains in place.*

The spatial strategy empowers local policy and decision-makers to develop the national priorities through Strategic and Local Development Plans and identify areas and issues of significance to their particular areas.”

3.57 Policy 33 (National Growth Area – Cardiff, Newport and the Valleys) of FW2040 states (emphasis added):

“Cardiff, Newport and the Valleys will be the main focus for growth and investment in the South East region.

Strategic and Local Development Plans should recognise the National Growth Area as the focus for strategic economic and housing growth; essential services and facilities; advanced manufacturing; transport and digital infrastructure.

The Welsh Government will work with regional bodies and local authorities in the region and in neighbouring regions of England to promote and enhance Cardiff, Newport and the Valleys' strategic role and ensure key investment decisions support places in the National Growth Area and the wider region.

The Welsh Government supports Cardiff's status as an internationally competitive city and a core city on the UK stage. Cardiff will retain and extend its role as the primary national centre for culture, sport, leisure, media, the night time economy and finance.

The Welsh Government supports an increased strategic role for Newport as a focus for sustainable, long-term growth and investment. The Welsh Government will work with authorities within the region and in England to promote Newport's strategic role and ensure key investment decisions in Wales and England support Newport.

The Welsh Government supports co-ordinated regeneration and investment in the Valleys area to improve well-being, increase prosperity and address social inequalities. The Welsh Government will work with regional bodies, local authorities, businesses, the third sector, agencies and stakeholders to support investment, including in the manufacturing sector, and to ensure a regional approach is taken to addressing socio-economic issues in the Valleys.

The Welsh Government supports development in the wider region which addresses the opportunities and challenges arising from the region's geographic location and its functions as a Capital Region.

3.58 The supporting text at page 162 states that:

"The region should consider its connections with the Mid Wales and South West regions and the West of England region. Promoting accessibility and inter-linkages between these areas, based on an understanding of their roles and functions, will ensure these areas operate as a cohesive whole and do not compete against each other or take strategic decisions in isolation."

3.59 Of particular relevance here is the reference to FW2040 directing nationally significant growth while recognising the needs of rural areas within the region. The supporting text at page 167 states that:

"The rural areas of the South East, whilst lying in relatively close proximity to major towns and cities, will be supported by policies 4 and 5 in order for these communities to be sustained for the long term."

3.60 It is a well-established principle that Development Plans must be read as a whole, and logic would suggest that this same principle applies to Future Wales 2040. Consequently, the Select Committee is invited to consider the extent to which the RLDP Preferred Strategy is in general conformity with the whole of Future Wales 2040, rather than merely policies 1 and 33.

3.61 In this regard, the eleven Future Wales outcomes (pages 54-56) are of relevance together with some of the supporting text, reproduced below:

- 1) A Wales where people live and work in connected, inclusive and healthy places;
- 2) A Wales where people live in vibrant rural places with access to homes, jobs and services;
- 3) A Wales where people live in distinctive regions that tackle health and socio-economic inequality through sustainable growth;
- 4) A Wales where people live in places with a thriving Welsh language;
- 5) A Wales where people live and work in towns and cities which are a focus and springboard for sustainable growth;

- 6) A Wales where people live in places where prosperity, innovation and culture are promoted;
- 7) A Wales where people live in places where travel is sustainable;
- 8) A Wales where people live in places with world-class digital infrastructure;
- 9) A Wales where people live in places that sustainably manage their natural resources and reduce pollution;
- 10) A Wales where people live in places with biodiverse, resilient and connected ecosystems;
- 11) A Wales where people live in places that are decarbonised and climate-resilient.

3.62 Of note, the supporting text to outcome 1 states that:

“Our cities, towns and villages will be physically and digitally well connected places, offering good quality of life to their residents. High quality homes meeting the needs of society will be well located in relation to jobs, services and accessible green and open spaces. Places will meet and suit the needs of a diverse population, with accessible community facilities and services.”

3.63 Of note, the supporting text to outcome 2 states that:

“In rural areas, job opportunities and community services will be supported to help attract and retain people. A balance will be found between development and preserving the character of rural Wales, ensuring our small towns and villages have bright futures as attractive places to live and work. The rural economy will be thriving and communities will be well connected digitally and physically. There will be support for the agricultural sector and its supply chains to boost resilience through diversification.”

3.64 Of note, the supporting text to outcome 6 states that (emphasis added):

“Development plans will have a forward thinking, positive attitude towards enabling economic development, investment and innovation. Increased prosperity and productivity will be pursued across all parts of Wales, building on current activity and promoting a culture of innovation, social partnership, entrepreneurialism and skills-development in sustainable industries and sectors. The culture, heritage and environment of Wales will play a positive, modern role in the economy by attracting the interest and expenditure of tourists and providing a distinctive and trusted brand for Welsh businesses.”

3.65 Future Wales Policies 4, 5 and 7 are considered to be of particular significance and are quoted below for ease of reference.

3.66 Future Wales Policy 4 ‘Supporting Rural Communities’ seeks to achieve age balanced communities in rural areas, and states:

“The Welsh Government supports sustainable and vibrant rural communities. Strategic and Local Development Plans must identify their rural communities, assess their needs and set out policies that support them. Policies should consider how age balanced communities can be achieved, where depopulation should be reversed and consider the role of new affordable and market housing, employment opportunities, local services and greater mobility in tackling these challenges.”

3.67 Future Wales Policy 5 ‘Supporting the Rural Economy’ supports sustainable economic growth in rural towns, and states:

“The Welsh Government supports sustainable, appropriate and proportionate economic growth in rural towns that is planned and managed through Strategic and Local Development Plans. Strategic and Local Development Plans must

plan positively to meet the employment needs of rural areas including employment arising from the foundational economy; the agricultural and forestry sector, including proposals for diversification; start ups and micro businesses. The Welsh Government also strongly supports development of innovative and emerging technology businesses and sectors to help rural areas unlock their full potential, broadening the economic base, and creating higher paid jobs.”

3.68 Future Wales Policy 7 ‘Delivering Affordable’ Homes seeks to increase the delivery of affordable and states:

“The Welsh Government will increase delivery of affordable homes by ensuring that funding for these homes is effectively allocated and utilised. Through their Strategic and Local Development Plans planning authorities should develop strong evidence-based policy frameworks to deliver affordable housing, including setting development plan targets based on regional estimates of housing need and local assessments. In response to local and regional needs, planning authorities should identify sites for affordable housing led developments and explore all opportunities to increase the supply of affordable housing.”

3.69 In addition to paragraph 3.59 above, Select Committee is invited to consider whether the Preferred Strategy growth level would significantly undermine Future Wales’ desire to focus growth in Cardiff, Newport and the Valleys (policies 1 and 33). Is the additional 3,330 homes (222 dwelling per annum) (i.e. the difference between the Preferred Strategy growth level 7,605 and the WG maximum growth 4,275) so significant in a regional context over a 15 year plan period that the national growth area is undermined?

The tests of soundness

3.70 The RLDP will be examined by an independent inspector during a formal examination process. As part of this, local planning authorities will need to demonstrate that the plan meets the tests of soundness set out in the Development Plans Manual (Edition 3, March 2020) (Appendix 4).

3.71 Select Committee is invited to consider the extent to which the Welsh Government’s maximum growth level set out by the Welsh Government would result in a Plan that is sound in relation to soundness test 2 in that:

- the Plan is locally specific;
- the level of growth would address the key evidence-based local issues;
- the Plan is supported by robust, proportionate and credible evidence;
- the Plan would meet assessed needs and contribute to sustainable development;
- the Plan’s vision and strategy are positive and sufficiently aspirational. .

3.72 The RLDP needs to deliver on the evidence base, vision and objectives and align with the Council’s overall core purpose to build sustainable and resilient communities. It should address key local issues such as affordability and demographic balance while addressing the climate emergency. The Select Committee is encouraged to consider the WG maximum level of growth would achieve the Council’s evidence-based objectives.

Next Steps

- 3.73 In view of the implications associated with the WG's consultation response to the RLDP Preferred Strategy, specifically the Welsh Government's maximum dwelling requirement, further consideration must be given as to how to progress the RLDP Preferred Strategy. A future report to Council will present options for progressing the RLDP and will seek a Council decision on how to proceed.

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

- 4.1 The Planning and Compulsory Purchase Act (2004) sets out the requirement for all LDPs to be subject to a Sustainability Appraisal (SA). All stages of the RLDP will be subject to an Integrated Sustainability Assessment (ISA) (including Strategic Environmental Assessment (SEA), Well-being of Future Generations (WBFG), Health Impact Assessment (HIA), Equality Impact Assessment (EqIA), and Welsh Language Impact Assessment (WLIA)). The ISA findings have informed the development of the RLDP strategy and strategic policies, and will be used to inform detailed policies and site allocations in the Deposit Plan, in order to ensure that the Plan will promote sustainable development. The Initial ISAR was published alongside the Preferred Strategy.

Safeguarding and Corporate Parenting

- 4.2 There are no safeguarding or corporate parenting implications arising directly from this report. The RLDP has the potential to provide affordable housing, delivery and allocation of which should be cognisant of the needs of children leaving care. The WG Welsh Government's dwelling requirement would seriously thwart the Council's ability to deliver affordable housing for our current and future generations.

Socio-economic Duty

- 4.3 The RLDP Preferred Strategy seeks to tackle house price unaffordability, which currently prevents some of our communities accessing suitable housing within the County. This is likely to benefit younger people in particular, which in turn will make our ageing communities more socially sustainable. Good quality and affordable housing is important in achieving poverty reduction and equitable prosperity, and supporting the best start in life. Good spatial planning helps to build cohesive communities. The provision of affordable housing, combined with policy interventions in relation to the requirement of a mix of market housing, will increase opportunities for those in poverty to access safe, secure and suitable housing. In accordance with the WBFGA, the RLDP also seeks to prevent future problems and will therefore continue to avoid new development in flood risk areas and will seek low/zero carbon development to help address the climate emergency and also tackle issues such as fuel poverty. A dwelling requirement based on WG's maximum figure would hinder the Council's ability to effectively tackle housing affordability and associated issues across the County with resultant socio-economic impacts.

5. OPTIONS APPRAISAL

| Option | Benefit | Risk | Comment |
|---|---|--|---|
| Economy and Development Select Committee consider and comment, as appropriate, on the implications for the County of WG's consultation response to the RLDP Preferred Strategy, specifically the Welsh Government's maximum dwelling requirement. | This provides the Economy and Development Select Committee with the opportunity to consider the implications for the County of WG's consultation response to the RLDP Preferred Strategy, specifically the Welsh Government's maximum dwelling requirement. | | This is the preferred option. It is essential that members are made aware of, and have the opportunity to consider, the implications associated with WG's Welsh Government's dwelling requirement for the RLDP as set out in the consultation response to the RLDP Preferred Strategy. |
| Economy and Development Select Committee do not comment on the implications for the County of WG's consultation response to the RLDP Preferred Strategy, specifically the Welsh Government's maximum dwelling requirement. | | The option of not commenting on WG's consultation response to the RLDP Preferred Strategy, specifically the Welsh Government's maximum dwelling requirement, would result in the Economy and Development Select Committee missing a key opportunity to consider the implications of the Welsh Government's dwelling requirement for the County and shape the RLDP. | The option of not commenting on WG's consultation response to the RLDP Preferred Strategy would result in the Economy and Development Select Committee missing a key opportunity to consider the implications of the Welsh Government's dwelling requirement for the County and should, therefore, be discounted. |

6. RESOURCE IMPLICATIONS

- 6.1 Officer and consultant time and costs associated with the preparation of the Preferred Strategy will be met from the Planning Policy budget.

7. CONSULTEES

- Enterprise DMT
- SLT
- Member workshop 12th October 2021

8. BACKGROUND PAPERS

- RLDP Preferred Strategy (June 2021)
- Initial Integrated Sustainability Appraisal Report (AECOM, June 2021)
- HRA of the Monmouthshire RLDP Preferred Strategy (AECOM, June 2021)
- RLDP Delivery Agreement (Second Revision, October 2021)

- Sustainable Settlements Appraisal (June 2021)
- Growth and Spatial Options Report of Consultation (June 2021)
- Growth and Spatial Options Background Paper (June 2021)
- Housing Background Paper (June 2021)
- Review of Candidate Sites against the Preferred Strategy (June 2021)
- Monmouthshire Employment Land Review (BE Group, June 2021)
- Issues, Vision and Objectives Paper (Updated June 2021)
- Growth and Spatial Options Paper (December 2020)
- Monmouthshire RLDP Updated Demographic Evidence Report (Edge Analytics, November 2020)
- Monmouthshire Affordable Housing Report (Edge Analytics, November 2020)
- Review of RLDP Issues, Vision and Objectives and Evidence Base in Light of Covid-19 (September 2020)
- Monmouthshire 2040: Our Economic Growth and Ambition Statement (November 2019) and supporting MCC Economies of the Future Reports (2018)
- Candidate Sites Register (February 2019)
- Local Housing Market Assessment (September 2018)
- LDP Annual Monitoring Reports (2014-2021)

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APPENDICES:

APPENDIX 1: Letter from Minister for Climate Change, Julie James, 8th July 2019

APPENDIX 2: Letter from Minister for Climate Change, Julie James, 17th November 2021

APPENDIX 3: Welsh Government Consultation Response to the RLDP Preferred Strategy, August 2021

APPENDIX 4: Tests of Soundness