



REGENERATION AND ENVIRONMENT SCRUTINY COMMITTEE - 17TH SEPTEMBER 2013

SUBJECT: LOCAL DEVELOPMENT PLAN – ANNUAL MONITORING REPORT 2013

REPORT BY: ACTING DEPUTY CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 To outline the contents of the Caerphilly County Borough Local Development Plan Second Annual Monitoring Report (AMR) for members' consideration.
- 1.2 To consider whether the findings of the AMR indicate the need to review the LDP, and if so to authorise officers to progress work on the first review of the plan and agree the Draft Delivery Agreement as a basis for public consultation to guide the process.
- 1.3 To gain council agreement to adopt the report as the council's formal LDP Annual Monitoring Report for 2013.
- 1.4 To gain council agreement to submit the AMR to the Welsh Government (WG) in order to satisfy the council's statutory requirements.
- 1.5 Glossary of terms used in this Report

LDP	Caerphilly County Borough Local Development Plan up to 2021 (Adopted November 2010)
AMR	Caerphilly County Borough Local Development Plan Annual Monitoring Report 2012
WG	Welsh Government
SEA/SA	Strategic Environmental Assessment /Sustainability Appraisal

2. SUMMARY

- 2.1 It is a statutory requirement that the Council submits an annual report, which considers if the LDP is being implemented appropriately, to the Welsh Government. This report is referred to as the Annual Monitoring Report and includes LDP policy monitoring, SEA/SA monitoring and monitoring of a set of 12 mandatory indicators. The overall purpose of the AMR is to identify whether the LDP Strategy, or any the Strategy Policies are not being implemented.
- 2.2 The AMR identifies that 4 policies need consideration as they may be failing to be implemented and these are therefore considered in the report.
- 2.3 The AMR also includes the results of the SEA/SA monitoring, which is required by the SEA Directive and national guidance. The SEA/SA monitoring found an overall positive change in the state of the environment, meaning that the environmental position has improved slightly since the Adoption of the LDP.

- 2.4 It is also a requirement for the AMR to include information relating to 12 mandatory indicators, which are set out in the Welsh Government's LDP Manual, which is available on the Welsh Government Web Site. These indicators are included in Appendix 5 of the AMR.
- 2.5 Overall the AMR concludes that whilst the LDP Development Strategy remains sound, the downturn in the economy has had a marked effect on house building rates and there is a need to address the supply of housing land. Furthermore the AMR recognises that in order to facilitate the Council's ambitious school rationalisation programme there is a need to identify sites for education provision, which necessitates a review of the plan.

3. LINKS TO STRATEGY

- 3.1 The submission of the AMR to Welsh Government is a statutory procedure associated with the Adopted LDP, which is the council's principal land use strategy. The LDP has, through its preparation, incorporated the council's cross-cutting objectives and the AMR monitors whether the LDP, and therefore the Council's Objectives, are being implemented appropriately.

4. THE REPORT

Background

- 4.1 The Council formally adopted the Caerphilly County Borough Local Development Plan (LDP) on the 23 November 2010. Following the adoption of its LDP, the Council has a statutory obligation, under section 61 of the Planning and Compulsory Purchase Act 2004 to keep all matters under review that are expected to affect the development of its area. Further, section 76 of the Act requires the Council to produce information on these matters in the form of an Annual Monitoring Report for submission to the Welsh Government. This, the second AMR, is based on the period from 1st April 2012 to 31st March 2013 and is required to be submitted to WG by the 31 October 2013.
- 4.2 Whilst the LDP was adopted in November 2010, the plan period runs from 2006 up to 2021, with 2006 being the base date for the plan. Consequently whilst this is only the second AMR since adoption, this AMR is monitoring the halfway point of the formal plan period.
- 4.3 There have been many changes since 2006 that will impact on the successful implementation of the LDP, the most notable of which are:
- the downturn in the global economy, which has impacted on the commercial and housing property markets; and
 - the identification and availability of sites for development within the region through the preparation of local development plans, most notably Cardiff City given its proximity to the Southern Connections Corridor. Given the changes in the Welsh Economy and the changes in the regional context, the second AMR will therefore consider whether the Development Strategy that underpins the LDP remains valid; and will assess whether or not the Strategy Policies contained in the LDP are being effective in delivering the Development Strategy and meeting the objectives of the plan.
- 4.4 The Town and Country Planning (Local Development Plan) (Wales) Regulations 2005 and the LDP Manual (available on the Welsh Government web site) specify what the AMR is required to include as follows:
- An Executive Summary.
 - A review of changes to national and regional policy and guidance and their implications for the LDP.
 - SEA/SA Monitoring based on the SEA/SA Monitoring Framework (LDP Appendix 18).
 - LDP Monitoring based on the LDP Monitoring Framework (LDP Appendix 19).

- Statutory Indicators.
- Recommendations on the course of action in respect of policies and the LDP as a whole.

In addition to the above the AMR also considers external influences which impact on the implementation of the LDP but which are very much outside of the Council's control. Nevertheless the Council should consider whether or not a change in its policy framework could serve to alleviate some of the issue raised by these external factors.

- 4.5 Copies of the full AMR entitled "Caerphilly County Borough LDP Second Annual Monitoring Report 2013" together with the background statistical tables have been placed in the resource library for members' information.

Report of Findings

External Influences

- 4.6 The AMR considers the external factors that have had, or could have, an influence on the implementation of the plan and thus on development in the County Borough. These include changes in:
- National policy or legislation;
 - External conditions;
 - Local Considerations

National policy and Legislation

- 4.7 The AMR is required to identify documents, at national and regional level, that may have implications for the policies in the LDP and to assess them to identify their implications. The following key policy documents have been issued by the Welsh Government between 1st April 2012 and 31st March 2013:
- Planning Policy Wales, Edition 5, October 2012
 - Draft Technical Advice Note (TAN) 21 : Waste – Revision, March 2013
 - Wales Infrastructure Investment Plan (WIIP), May 2012

- 4.8 The changes in National Policy and Legislation have not resulted in any significant changes to policy that needs to be addressed in the short term.
- 4.9 Significantly 2012 saw the publication of the 2011 Census. The 2011 Census indicates that the existing population of the County Borough is much higher than anticipated. Therefore serious consideration needs to be given to the potential implications for the LDP in terms of the provision of land for housing and in particular affordable housing, and the provision of community facilities, transport and jobs

External Conditions

- 4.10 The downturn in the economy has had a marked effect on house building rates and therefore on the delivery of affordable housing. Viability continues to be a major issue in overall house building and this has an adverse impact on the levels of affordable housing that can be delivered through the planning system.
- 4.11 If recommendations regarding the introduction of a regional planning tier are taken forward in the Planning White Paper, some matters such as housing numbers, transport infrastructure and the location of strategic employment sites will be determined regionally in the future.
- 4.12 All neighbouring local planning authorities are well advanced with the preparation of their respective development plans providing a local policy framework for development decisions within the region.

- 4.13 The Cardiff LDP identifies land for the provision of 41,000 dwellings, including 18,000 on greenfield sites in north Cardiff; and Newport LDP allocates 10,350 dwellings, 1,540 of which are in the east of Newport on the boundary with Risca / Pontymister. This provision could undermine the development strategy for the Southern Connections Corridor, which advocates new development on brownfield land.

Local Considerations

- 4.14 There are significant local considerations that could indicate the need for the LDP to move to review. Specifically:
- the lack of a five-year housing land supply is a matter of concern that needs to be addressed, as the evidence available indicates that it is unlikely that this position will improve in the next few years; and
 - the need to identify suitable sites for new schools as a consequence of the Council's ambitious school rationalisation programme.

Strategic Environmental Assessment/Sustainability Appraisal Monitoring

- 4.15 The Strategic Environmental Assessment Directive requires local authorities to undertake Strategic Environmental Assessment (SEA) as part of the preparation of the LDP. In addition to this the LDP Regulations requires a Sustainability Appraisal (SA) to be undertaken. In preparing the LDP the council undertook joint SEA and SA and produced and published its SEA/SA Report in conjunction with the LDP.
- 4.16 The SEA Directive also requires that the council monitor the state of the environment through monitoring the sustainability objectives set out in the SEA/SA Report. This forms an integral part of the AMR and is contained in Section 4. In conclusion, the SEA/SA monitoring indicates a positive change to the environment thus far in the plan period.

LDP Policy Monitoring

- 4.17 The LDP Monitoring considers each of the 22 Strategy Policies against the LDP monitoring Framework to identify whether the policies are being effective and to identify any policies that are not being implemented. The Framework consists of 29 Indicators (overarching measures considered against time related targets) and 53 Factors (specific measures considered against a fixed Trigger Point). Both the Indicators and Factors are statistical measures relating to the delivery of a specific Strategy Policy and consideration of the Indicators and Factors will indicate whether the Policies are being implemented. Where an indicator does not meet a target, or a factor reaches a trigger point, it could indicate that the policy is not being implemented. In such instances the policy is considered in detail in the AMR.
- 4.18 An overview of the LDP Monitoring Data for the 2nd AMR period provides an interesting insight into the implementation of the LDP over the past 12 months. Of particular note for 2012/13 is the following:
- The annual house-building rate increased slightly over the period to 390 dwellings compared to 350 in the previous year.
 - The housing land supply figure decreased from 4.3 years to 3.5 years using the Welsh Government preferred residual method.
 - The average house price fell from £100,012 to £97,811.
 - Unemployment fell from 10.9% to 9.8%.
 - The number of residents in employment increased from 69,500 to 73,700.
 - There was a general drop in commuting rates as a percentage of all commuting both in terms of out commuting for work and out commuting generally.
 - There were reduced levels of car parking provision in 9.8% of applications as a result of compliance with sustainability factors.
 - Vacancy rates in the Principal Towns of Caerphilly, Blackwood, Ystrad Mynach and Bargoed decreased over the period whereas vacancy rates in Risca/Pontymister increased.

- Footfall in the Principal Town Centres declined by 7.38%
- The number of schools over subscribed in terms of the school rolls increased from 2 to 4.
- The use of aggregates within the construction industry continued to fall.
- The amount of new development on brownfield sites declined.
- There was an increase in customer satisfaction with the countryside recreation on offer in the county borough.

4.19 Section 5 of the AMR provides a detailed analysis of the success of the plan to date against the monitoring indicators and factors in terms of delivering sustainable development. The findings are summarised in the Table below:

LDP Monitoring Summary Table

Strategy Policy	
SP1, SP2, SP4, SP5, SP6, SP7, SP9, SP10, SP11, SP12, SP17, SP18, SP19, SP20, SP21	Policy is being met or exceeded. No intervention required.
SP3, SP8, SP16, SP22	Policy is not delivering as anticipated but is delivering sufficiently and does not require intervention measures.
SP13, SP14, SP15	Policy is failing to deliver as anticipated and intervention measures should be considered.

4.20 Monitoring of the plan for 2012/13 indicates that 4 Strategy policies have been triggered and these are therefore considered in more detail in the AMR. The policies are:

Policy SP3 Development Strategy SCC

4.21 This policy monitors the percentage of total new housing development on brownfield land within the SCC. In order to trigger consideration under this monitoring factor less than 88% of housing completions need to have taken place on brownfield land during the monitoring period. An examination of the last published Joint Housing Land Availability Study (2011/12), indicates that brownfield housing completions in this area dropped to 76%. An examination of sites currently being developed indicates that brownfield completion rates will increase again next year. This data therefore highlights an anomaly for this year, rather than a trend that is likely to continue. It is not considered that it is necessary to review the plan specifically on this issue.

SP8 - Minerals Safeguarding

4.22 This policy was triggered through low levels of aggregate production. The policy seeks to ensure that sufficient aggregate is produced to meet the county borough's needs and requirements. Aggregate production is directly related to aggregate usage in the development industry and, therefore, the drop in production levels below the threshold is in reaction to a sharp reduction in aggregate usage. The drop in aggregate usage corresponds to the economic downturn and the slow down in the rates of development. The reduction in aggregate production is a result of issues beyond the sphere of influence of the LDP and therefore changes to the LDP or the policy will not have any effect on the situation.

Policy SP10 Conservation of the Natural Heritage

4.23 Policy SP10 provides the policy framework and development criteria for proposals that affect locally designated natural heritage features, namely Special Landscape Areas, Visually Important Local Landscapes, Sites of Importance for Nature Conservation, Local Nature Reserves, Regionally Important Geological Sites, Green Corridors and Local Priority Habitats and Species. There is 1 Indicator and 5 Factors when considered together monitor the effectiveness of Policy SP10. The trigger point has been reached in respect of 3 of the 5 monitoring factors. Whilst a superficial examination of the monitoring data might indicate that the policy is being ineffective, when a closer examination of the data is undertaken it is evident that the policy is actually being implemented and is effective.

SP15 Affordable Housing Target

- 4.24 Policy SP15 seeks to deliver at least 964 affordable dwellings through the planning system over the plan period. Factor L52 monitors the yearly affordable housing unit numbers delivered through the planning system as a percentage of total housing units (based on units built). A trigger point for each of the four viability areas is set based on the site-specific targets.
- 4.25 Monitoring indicates that affordable housing through the planning system is not being delivered at the rates required at this point in the plan period. This is unsurprising given that housing generally is not being delivered at expected rates. The downturn in the economy has had a marked effect on house building rates and therefore on the delivery of affordable housing. Viability continues to be a major issue in overall house building and this has an adverse impact on the levels of affordable housing that can be delivered through the planning system.
- 4.26 Given the significance of the delivery of affordable housing over the plan period, monitoring indicates that the Council should consider some form of intervention to facilitate the increase in delivery of affordable housing across the county borough and in particular in the SCC.
- 4.27 One way of potentially increasing affordable housing delivery in the SCC, would be to explore the opportunity of releasing greenfield sites for development which have the potential to realise higher land values. This would require a review of the plan.

Statutory Indicators

- 4.28 The LDP Manual requires that the AMR include information relating to 12 specific indicators. The information in respect of these is already contained within the LDP and SEA/SA monitoring frameworks and has been taken into account through the monitoring process.
- 4.29 The LDP Regulations also require that the AMR sets out information in respect of housing delivery in the County Borough since the Adoption of the plan. In particular the Regulations require that the AMR includes:
- The housing land supply taken from the current Housing Land Availability Study; and
 - The number (if any) of net affordable and general market dwellings built in the LPA's area.

Information must be provided for the period in respect of which the AMR is made; and the period since the LDP was first adopted or approved. This information is set out in the table below:

Table indicating New Dwelling Completions and Housing Land Supply

New Dwelling Completions Private /Affordable Split and Housing land Supply							
	2007 JHLAS	2008 JHLAS	2009 JHLAS	2010 JHLAS	2011 JHLAS	2012 JHLAS	
	Apr 2006 - Mar 2007	Apr 2007 - Mar 2008	Apr 2008 - Mar 2009	Apr 2009 - Mar 2010	Apr 2010 - Mar 2011	Apr 2011 - Mar 2012	Total
Private Sector	835	554	265	189	241	275	2359
H.A. Public	17	102	122	111	117	115	584
Total	852	656	387	300	358	390	2943
Land Supply (Residual method)	17.3*	22.5*	21.2*	14.2*	4.3	3.5	

Figures taken from Joint Housing Land Availability Studies
 * **Figures realised under the Caerphilly UDP (LDP Adopted November 2010)**

- 4.30 Housing land availability information is monitored for the period April to end of March annually through the Joint Housing Land Availability Study (JHLAS).
- 4.31 As part of this process there is a requirement set out in Technical Advice Note 1 (TAN 1) to maintain a 5-year land supply. To meet the requirement for a 5 year land supply the quantity of land agreed to be genuinely available should be compared with the remaining provision in the adopted plan, this method of calculating land supply is referred to as the residual method.
- 4.32 The 2010/11 and 2011/12 JHLAS indicate that land supply has been 4.3 years and 3.5 years respectively using this method. Where the land supply is less than 5 years, TAN 1 states that local authorities must take steps to increase the supply of housing land. This may include reviewing the development plan, releasing land in its ownership, expediting planning applications or securing the provision of infrastructure for particular sites.
- 4.33 The lack of a five-year land supply is a matter of concern that needs to be addressed, as the evidence available indicates that it is unlikely that this position will improve in the short term. A review of the LDP may be the most appropriate way of addressing the land supply issue through the allocation of new housing sites that are capable of being delivered.

AMR Conclusions & Recommendations

- 4.34 The AMR concludes that whilst the LDP Development Strategy remains sound, the downturn in the economy has had a marked effect on house building rates. Viability continues to be a major issue in overall house building and this has an adverse impact on the levels of affordable housing being delivered through the planning system.
- 4.35 The lack of a five-year housing land supply is a matter of concern that needs to be addressed if the overall housing requirement is to be met over the plan period. The monitoring evidence indicates that it is unlikely that this position will improve in the short term.
- 4.36 Furthermore, the provision of 41,000 dwellings, including 18,000 on greenfield sites in north Cardiff through the Cardiff LDP has the potential to attract volume house builders into Cardiff and away from neighbouring areas, such as Caerphilly. This is particularly pertinent to Caerphilly Basin where there is a brownfield strategy.
- 4.37 Finally there is an urgent need to identify suitable sites for new schools as a consequence of the Council's ambitious school rationalisation programme. Phase 1 of the process has highlighted the difficulties involved with assessing potential sites through a process independent of the development plan preparation process. Therefore the need to identify suitable sites for new schools, coupled with the need for the implementation of a sustainable approach to education provision requires consideration of a review of the LDP in the short term.
- 4.38 The AMR recommendations are therefore as follows:

Recommendations

- R1** *The 2nd Annual Monitoring Plan has indicated that substantial progress has been made in implementing the Caerphilly County Borough Local Development Plan up to 2021 and that the Development Strategy is being extremely effective and remains sound. However:*
- A.** *In recognition of the significant downturn in the economy and the impact that this is having on the housing land supply and on house building rates (including affordable housing) in the county borough, the Caerphilly County Borough Local Development Plan up to 2021 be revised to facilitate the allocation of additional land for housing, in order to ensure that the housing requirements of the population of the county borough can be met; and*
- B.** *In recognition of the need to facilitate the Council's ambitious school rationalisation process the Caerphilly County Borough Local Development Plan up to 2021 be revised to facilitate the allocation of land for education purposes.*

R2 *That the Caerphilly County Borough Local Development Plan is rolled forward to cover the plan period 2011 to 2031, and the Evidence Base and Policies across all topic areas be reviewed to ensure that all forecasts and assumptions underpinning the plan and contained within the Policy Framework of the plan cover the revised plan period.*

- 4.39 As part of any review of the LDP there is also a need to revise the Delivery Agreement. The Delivery Agreement (DA) is a public statement that contains a timetable for LDP production (the local authority's project plan) and the Community Involvement Scheme (CIS), which sets out how and when stakeholders and the community can contribute to revision of the LDP. A Revised Draft Delivery Agreement has been placed in the resource library for members' information.
- 4.40 As part of the review process, the LDP Focus Group, the Sustainability Appraisal / Strategic Environmental Assessment Group and the Stakeholder Panel have to be reconvened. Details of these groups are outlined in the DA. The 1st meeting of the reconvened LDP Focus Group took place on the 19 July 2013 and the notes of the meeting and the revised Terms of Reference of the Group are attached at Appendix 1.

5. EQUALITIES IMPLICATIONS

- 5.1 There are no direct implications associated with this report. However any future review of policies and proposals contained within the LDP will require an equalities impact assessment to be carried out.

6. FINANCIAL IMPLICATIONS

- 6.1 Submission of the AMR to Welsh Government by 31 October 2013 will make the Council eligible to receive £20k funding under the Planning Improvement Fund.
- 6.2 LDP anticipated expenditure is estimated at £512k between 2013/2014 and 2016/2017 and when compared to existing budget/anticipated income, indications are that the review of the plan is likely to result in the cumulative over spend against existing budget of £432k between the financial years 2014/2015 to 2017/2018. A specific earmarked reserve to assist in the funding of future LDP costs associated with the first review of the LDP therefore is under consideration and will be reported separately. Further consideration is also being given to how budgetary provision for the funding of anticipated LDP costs between 2014/2015 and 2017/2018 can be provided

7. PERSONNEL IMPLICATIONS

- 7.1 There are no direct personnel implications as a result of this report.

8. CONSULTATIONS

- 8.1 All comments have been taken into account in the Committee Report.

9. RECOMMENDATIONS

- 9.1 To note the findings of the 2nd Annual Monitoring Report and the implications of the recommendations contained therein.
- 9.2 To recommend that the 2nd Annual Monitoring Report be referred to Cabinet and Council for consideration.

- 9.3 To recommend that the revised Draft Delivery Agreement be referred to Cabinet and Council for approval.
- 9.4 To note the LDP Focus Group Meeting Notes of 19 July 2013.
- 9.5 To note that the 2nd Annual Monitoring Report is required to be submitted to the Welsh Government before 31 October 2013.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 To comply with the requirements of the Planning and Compulsory Purchase Act 2004, the LDP Regulations and the SEA Directive.
- 10.2 To comply with the requirements of the Planning and Compulsory Purchase Act 2004, the LDP Regulations and the SEA Directive.
- 10.3 To comply with the requirements of the Planning and Compulsory Purchase Act 2004, the LDP Regulations and the SEA Directive
- 10.4 In order to comply with the Terms of Reference of the Group and keep Members informed.
- 10.5 To comply with the requirements of the Planning and Compulsory Purchase Act 2004 and the LDP Regulations.

11. STATUTORY POWER

- 11.1 The Planning and Compulsory Purchase Act 2004 requires the Council to prepare and keep under review a Local Development Plan for the County Borough to act as a single framework for the control and use of land within its administrative boundary.
- 11.2 The Local Government Act 1998. The Local Government Act 2003. The Town and Country Planning (Local Development Plan) (Wales) Regulations 2005. Please include full reference to the LDP Regs)

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Background Papers:

Caerphilly County Borough LDP Second Annual Monitoring Report 2012 *[made available in the resource library]*
Caerphilly County Borough LDP Second Annual Monitoring Report 2012 – Background Tables *[made available in the resource library]*
Caerphilly County Borough LDP First Review Draft Delivery Agreement

Appendices:

Appendix 1: Notes of LDP Focus Group Meeting, 19 July 2013.