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Dear Dave,

**Caerphilly County Borough Council – 2nd Replacement Local Development Plan 2020 - 2035
Pre-Deposit Plan (Revised Preferred Strategy): Welsh Government Response**

Thank you for consulting the Welsh Government on the Caerphilly County Borough Council 2nd Replacement Local Development Plan 2020 - 2035 Pre-Deposit Plan (Revised Preferred Strategy) consultation. It is essential the authority is covered by an up-to-date LDP to give certainty to local communities and business.

Without prejudice to the Minister's powers, the Welsh Government is committed to helping Local Planning Authorities (LPAs) minimise the risk of submitting unsound plans by making comments at the earliest stages of plan preparation. The Welsh Government looks for clear evidence that the plan is in general conformity with Future Wales: The National Development Framework and aligns with Planning Policy Wales (PPW), and that the tests of soundness (as set out in the 'LDP Manual') are addressed.

National planning policies are set out in Planning Policy Wales (PPW) Edition 12, which seeks to deliver high quality, sustainable places through a place-making approach. The implementation of the core policy areas in PPW, such as adopting a sustainable spatial strategy, appropriate housing and economic growth levels, infrastructure delivery and place-making, are articulated in more detail in the LDP Manual (Edition 3). We expect the core elements of the Manual, in particular Chapter 5 and the 'De-risking Checklist(s) to be followed. The development planning system in Wales is evidence led and demonstrating how a plan is shaped by the evidence is a key requirement of the LDP examination.

After considering the key issues and policies in Future Wales and national planning policy (PPW12) the Welsh Government is of the view that the Preferred Strategy, is in general conformity with Future Wales: The National Development Framework. Specific comments are set out in the Statement of General Conformity (Annex 1 to this letter). Annex 2 of this letter also highlights a range of issues that need to be addressed for the plan to align with PPW and DPM by the deposit stage. Collectively, our comments highlight a range of issues that need to be addressed for the plan to be considered 'sound' as follows:

Annex 1 – General Conformity with Future Wales

- Regional Collaboration

Further clarity required

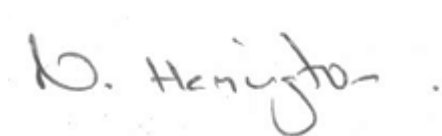
Annex 2 – Core matters that need to be addressed (PPW and the DPM)

- Housing and Economic Growth Levels – Regional Collaboration
- Settlement Hierarchy - Spatial Distribution and Clarity of Components of Housing Supply
- Viability Assessments
- Up-to-Date LHMA – Overall Need
- Deliverability of Sites & Infrastructure Requirements
- Best and Most Versatile Agricultural Land (BMV)

I would urge you to seek your own legal advice to ensure you have met all the procedural requirements, including the Sustainability Appraisal (SA), Strategic Environmental Assessment (SEA) and Habitats Regulation Assessment (HRA), as responsibility for these matters' rests with your authority. A requirement to undertake a Health Impact Assessment (HIA) arising from the Public Health (Wales) Act 2017, if appropriate, should be carried out to assess the likely effect of the proposed development plan on health, mental well-being and inequality.

My colleagues and I look forward to meeting you and the team to discuss matters arising from this response.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'N. Hemington', followed by a period.

Neil Hemington
Chief Planner Welsh Government

For matters relating to general conformity with Future Wales and planning policy please contact: PlanningPolicy@gov.wales / For matters relating to Local Development Plan procedures and compliance with the Development Plans Manual please contact: mark.newey@gov.wales

Annex 1 - Statement of General Conformity

The Welsh Government is of the opinion that the Caerphilly County Borough Council Replacement Local Development Plan (2020-2035) Revised Preferred Strategy is in general conformity with the National Development Framework: Future Wales, as set out in paragraphs 2.16 – 2.18 of the Development Plans Manual (Edition 3).

This conformity statement is based upon the evidence currently available. Welsh Government reserves its formal position until the full suite of policies, proposals and finalised evidence base is available to scrutinise at Deposit Stage. Whilst the Welsh Government supports the overall approach adopted by the preferred strategy, further clarity is required on how the wider region, particularly Cardiff and all adjoining Local Authorities, have been involved in shaping the scale of growth and spatial choices made in the plan.

Reasons

Future Wales places emphasis on the development of National Growth Areas in a sustainable manner. Growth areas must be sustainably planned, reduce the need to travel by car, encourage walking and cycling (active travel), maximise public transport usage and incorporate green infrastructure. Growth areas must embed these principles within a wider regional consensus, focussing on the opportunities they bring to promote social and economic benefits across a broader geographical area. The Welsh Government supports sustainable growth in a National Growth Area to respond to the climate change and nature emergencies and make the best use of our resources.

Policy 1 and Policy 33 of Future Wales state that a National Growth Area centred around Cardiff, Newport and the Valleys will be the main focus for growth and investment in the region (FW, Strategic Diagram, p163). The Regional Assessment of Future Growth and Migration for the Cardiff Capital Region (EB21, May 2024) is welcomed as it evidences a range of economic options and potential implications for population change, closely aligning with the job growth in the LDP. However, further detail on how growth in adjoining Local Authorities, for example Cardiff, with regard to their imminent Replacement Deposit LDP have shaped the scale and spatial choices made in the plan would be beneficial as the plan progresses through the statutory process (Future Wales, page 107) – The preferred strategy notes that “this study (EB21) has taken a ‘policy-off’ approach to the assessment of potential growth,” (Para 2, EB21). A comparison between the various scenarios set out in EB21 and emerging evidence/strategies in adjoining LDPs, linked to their key issues, would demonstrate how Caerphilly’s chosen scale and location of growth aligns within a regional context.

Annex 2 explains our comments in respect of the scale and location of growth. On balance, (and subject to the comments in Annex 2), the Welsh Government considers that the Revised Preferred Strategy, including the scale and distribution of growth, is in general conformity with key policies in Future Wales namely (not exhaustive):

Policy 1: Where will Wales grow

Policy 2: Shaping Urban Growth and Regeneration – Strategic Placemaking

Policy 6: Town Centre First

Policy 18: Renewable and Low Carbon Energy Developments of National Significance

Policy 33: National Growth Area – Cardiff, Newport and the Valleys

Policy 36: South-East Metro

Moving forward to Deposit, further work would be beneficial to understand how the Revised Preferred Strategy has been developed within the wider regional context as **Future Wales brings a new perspective that all LDPs have to embrace on how each plan sits within the region as a whole and the relationship to other LDPs, in essence, a strategic approach to cross boundary relationships in advance of the formal commencement of an SDP.**

Annex 2 – Core matters that need to be addressed (PPW and the DPM)

The Level of Growth: Homes and Employment

The most recent projections based on 2021 Census data indicate negative demographic trends for Caerphilly; there will be more deaths than births (causing negative natural change, the first time in history) and a reduction in the working age population of 2,900 people over the plan period. The Council considers that this will have significant negative implications for the County Borough, including for services and infrastructure, particularly schools with a reduction in school age children. The County Borough is located in a National Growth area identified in Future Wales Policy 1. Caerphilly is also part of the Cardiff Capital Region (CCR) which through the City Deal is seeking to increase the number of jobs in the region by 25,000 (Caerphilly 258/yr, 3,876 over the plan period, EB14). **It will be essential to demonstrate how the targeted increase in population/jobs can be achieved in a way which is compatible and consistent with the LDP strategies of the other LPAs in the CCR.** It would be beneficial to provide information on the number of jobs created in the County Borough since the City Deal was agreed and what proportion of additional jobs can be attributed to it.

The Council has chosen ‘**Option J – CCR Growth in Working Age Population**’ as the preferred growth scenario (Policy PS1 – Level of Growth and Policy PS2 Hybrid Strategy). This will deliver an overall population increase of 5.9% over the plan period including a positive increase in working age people by 4,126 people. This results in a housing requirement of 6,750 homes (450 per annum) over the plan period, plus a 10% flexibility allowance resulting in an overall housing provision of 7,425 homes (Policy PS11). The level of homes proposed (450 p/a) is lower than the current adopted plan (575 per annum) and higher than the WG government principal projection (198 per annum). Past build rates have averaged 300 dwellings (10 years), 375 (15 years) and 390 (20 years) respectively. **The WG does not object in principle to the scale of housing growth.** Clarity on the spatial distribution is unclear at the current time.

The Council also has a significant need for affordable homes of around 282 homes per annum – first 5 years. It is **unclear as to the scale of affordable housing need over the plan period**, WG estimate it could be approx. 3,330 units (220/yr)? The target set out in the plan is to achieve 1,360 affordable homes over the plan period (paragraph 7.22) as set out in Policy PS12. This equates to approximately 90 dwellings per annum, far fewer than the LHMA indicates. It is noted the preferred strategy is predicated on the 2018 LHMA and not the more recent draft LHMA (2024 – 2028) which the Deposit plan will need to be based on. **It is currently unclear as to the magnitude of difference between the two assessments.**

To maximise the supply of affordable homes the Council should consider whether it would be appropriate to allocate sites for affordable housing led developments where at least 50% of the homes will be affordable. Additional controls will be necessary to deliver such sites including, public ownership of land, binding legal agreements with the landowner or council resolution to use compulsory purchase powers.

The Council has concluded that the employment land figure should be based on past completions since 2000 (1.98ha x 20 years, including a flexibility buffer) with an additional 4.9 hectares of land to address a current shortage in the south of the County Borough. Policy PS9 allocates 44.5 ha of employment land but is silent on what sites will be allocated to meet the need. **The Council must ensure that employment sites are deliverable and explain how they are sustainably located and how they relate to proposed housing allocations.**

Assessment of Spatial Options – The Preferred Strategy

The Council has a land bank (sites with planning permission and urban capacity/windfall sites) of around 4,647 dwellings (EB5.1). This means that **the Council has to find an additional 2,778 homes on new allocations over the 15-year plan period to meet the provision (2,103 to meet the requirement).**

The Council has assessed 6 spatial options as follows:

- Option 1 – Continuation of adopted LDP Strategy
- Option 2 – Heads of the Valleys Regeneration Area Focus
- Option 3 - Key Strategic Site at Maescymmer
- **Option 4 - Metro Investment Focus**
- **Option 5 –Town Centre First**
- Option 6 – Caerphilly Basin Focus

The Council has chosen a 'Hybrid Strategy' (Policy PS2) comprised of Option 4 and Option 5 as the most appropriate for the LDP. **It would be beneficial for further explanation of this hybrid option means with regard to the location and scale of growth across the settlements in the plan area.**

PS1 Strategy Options Assessment' rules out Options 1 and 2 due to predominantly (not exhaustive) viability and delivery concerns either in terms of site availability or market interest. It is currently unclear as to why Option 6, not necessarily as a focus, has been ruled out as the Council states that it is in 'strong conformity with national policy and guidance', in particular relation to the town centre focus and location to main transport nodes.

Settlement Hierarchy - Spatial Distribution and Clarity of Components of Housing Supply

The Council's sustainable settlement hierarchy is set out in Policy PS3 of the plan. This sets out five main tiers of settlements: Principal Centres (Tier 1), Local Centres (Tier 2), Residential Centres suitable to accommodate growth (Tier 3), Residential Settlements not suitable for growth (Tier 4) and Rural Settlements which are outside defined settlement boundaries (Tier 5). Policy PS4 goes on to state that growth and new development will be targeted to the Principal and Local Centres in the first instance and then to Residential Settlements suitable for accommodating growth. Development in Tier 3 Residential Centres will only be allowed where it based on role, function, placemaking principles and promotes sustainable transport. It should be noted that paragraph 6.2 of the RLDP refers to 4 Tiers. This will require clarification.

Background Paper EB5/5.1 explains the various components of housing supply by 5 strategy areas and not by settlement. On this basis it is difficult to understand where the overall housing provision of 7,425 units, including allocations are located and how this relates to the settlement hierarchy (Policy PS3) and areas of growth (Policy PS4). This disparity also adds confusion as the plan (para 7.6) specifically states that it is not appropriate to identify spatial strategy areas. **The spatial distribution of housing components should relate to the settlement tiers identified in Policy PS3 to aid clarity to the plan and to understand the growth attributed to each settlement tier.** In addition, the plan makes an allowance for 1379 windfall units, but it is not clear where (spatially) they may come forward. **The plan should be clear how growth has been directed to more sustainable locations as defined in the Councils settlement hierarchy.**

Welsh Language

The Sustainability Appraisal references Welsh Language and its importance within the wider plan which is positive. The plan/evidence could be improved by explaining how locations for development align/support the Council's Sustainable Communities for Learning 9 year Strategic Outline Programme in terms of Welsh medium projects and developments and how the LDP will support these commitments. Consideration should also be given to surplus places data within Welsh medium schools in the LPA to ensure that any current issues are not exacerbated by the LDP.

Best and Most Versatile Agricultural Land - (TAN 6 Annex B1 and B6 and PPW 3.58 & 3.59)

The amount of BMV agricultural land within the LPA boundary is low, and therefore the risk is small. However, the Authority has demonstrated that the BMV Policy has been considered from the outset and throughout the process of developing the Preferred Strategy.

Interim ISA Report

BMV agricultural land information from the Predictive ALC map has been used as the evidence base on the location and distribution of BMV land (para 9.61). The impact on BMV has been considered for all options, with the two worst options for development of BMV identified and not taken forward (option 2 and 6).

The WG does have concerns with the comments under bullet point 6, on p76 of the ISA; *'The majority of land in the county borough is not suitable for agricultural uses due to its lower quality agricultural grading...'*. This statement is factually incorrect and should be amended or removed. The ALC grading reflects the capability of land for a wide variety of agricultural cropping choices, not for its suitability for agricultural use.

It is clear that BMV agricultural land, through the use of the Predictive ALC Map, has been considered and evidenced from the start of the process in assessing the options.

Candidate Site Methodology & Guidance

BMV is covered under the Stage 2 assessment process of Candidate Sites (D22) by use of a RAG status. Some candidate sites have been discounted at this stage due to BMV. Two sites progressing are noted to contain BMV, and surveys have been commissioned which is welcome. The Candidate site Guidance note for site promoters reflects the need for survey if BMV is identified the predictive map. This could be further supplemented by referring to the published department Predictive Map Guidance Note.

Green Infrastructure Assessment

The GIA and accompanying map (GI4.3) provide detail on the amount and distribution of BMV in the LPA area. The GIA provides some information on importance of peatland and information on location and distribution in the LPA area. However, the source of this information is not clear. The WG considers the Peatlands of Wales Evidence Score map should be used as the evidence base. It is therefore unclear how impact to peat soils and peatland habitats (in the context of Chapter 6 of PPW 12) has been considered in the Renewable and Low Carbon Energy Assessment paper (2022), specifically in respect of Local Search areas proposed for wind generation (Fig 2). It is unclear how BMV policy has been considered in respect of local search areas proposed for solar PV generation (Fig 1). The WG will expect clarification for deposit stage on the above points regarding renewable energy search areas.

In conclusion, it is the WG's view that the Authority has so far demonstrated a reasonable and pragmatic approach to considering BMV loss in the context of national planning policy, and on that basis no objection is offered at this stage.

Further Work Required by Deposit Stage

- Undertake further regional collaboration to demonstrate how the emerging LDP aligns with the broader approach in the region of other LPAs
- Publish the most recent LHMA, identify an affordable housing need target over the plan period and assess any potential implications arising from the current and most recent assessments
- Breakdown the scale and spatial distribution of housing for each settlement tier
- Clearly articulate the spatial distribution of housing and other key land uses
- Specify a housing trajectory
- Identify the outstanding number of Gypsy & Traveller pitches with spatial allocations as per Policy PS20 (the evidence suggest it could be 8 pitches, less if permissions are granted)
- Specify the minerals landbank, identify any future requirements (if necessary) including buffer zones
- Undertake viability assessments to demonstrate sites can be delivered in line with the identified infrastructure requirements

- Identify infrastructure required for development
- Consider the need for masterplans for larger sites, where appropriate
- Include policies for all types of renewable energy generation both inside and outside pre-assessed areas
- The core elements of the Manual, in particular Chapter 5 and the 'De-risking Checklist(s)' should be followed.
