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Monmouthshire Council Preferred Strategy First Review: Second Regulation 15 Consultation: Welsh Government Response

Our response to Monmouthshire Council on the replacement Local Development Plan (LDP) 2nd Preferred Strategy Consultation.

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26 January 2023

Dear Mark

Thank you for consulting the Welsh Government on the Monmouthshire County Council Replacement Local Development Plan (LDP) – Preferred Strategy consultation. It is essential the authority is covered by an up-to-date LDP to give certainty to local communities and businesses.

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 that the tests of soundness (as set out in the 'LDP Manual') are addressed.

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. It is essential that a plan is in general conformity with Future Wales, responds to national planning policy and the place making agenda, addresses climate change and nature emergencies, and demonstrates strategy delivery.

After considering the key issues and policies in Future Wales, the Preferred Strategy, as presented in relation to the scale of growth, appears to be more appropriate fit with Future Wales: The National Development Framework than

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the previous draft. In the absence of a Strategic Development Plan more work will be required to evidence how the Monmouthshire Local Development Plan relates to sub regional development and impacts on neighbouring authorities.

Specific comments are set out in the Statement of General Conformity (Annex 1 to this letter) with additional guidance contained in the Development Plans Manual (3rd Edition, March 2020) – ‘the DPM’.

The Preferred Strategy has been considered in accordance with the tests of soundness as set out in the DPM (Table 27, page 166). Our representations are provided by topic area, with further detail in the attached Annex 2.

National planning policies are set out in Planning Policy Wales (PPW) Edition 11, 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’, to be followed.

It is disappointing that key background documents on issues including an up-to-date Local Housing Market Assessment, (LHMA), Strategic Site delivery and a high-level/site-specific viability appraisal have not been completed to ‘front load’ the process and inform findings in the Preferred Strategy. A robust evidence base is critical to fully understand the plan.

Our representation includes more detailed issues set out in Annex 1 and Annex 2 to this letter. Collectively, our comments highlight a range of issues that need to be addressed for the plan to be considered ‘sound’. The key areas include:

- Economic growth levels
- Relationship to adjoining local authorities
- Ensuring the delivery of 50% affordable housing allocations
- Site delivery/implementation, including financial viability

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- Phosphates and nutrient neutrality
- Gypsy and Traveller Accommodation

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

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 please contact: Planning.Directoriate@gov.wales

Annex 1 - Statement of General Conformity

Future Wales places great emphasis on the development of National Growth Areas and the need for additional affordable housing. The Preferred Strategy is in general conformity with Policies 1, 7 and 33 of Future Wales and does not undermine the role of Cardiff, Newport and the Valleys as the main focus for

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growth and investment in the South East region, but reflects the urgent need to increase the supply of affordable housing in Monmouthshire.

Reasons

The Welsh Government acknowledges the work the local authority has undertaken in developing the Preferred Strategy, which includes consideration of the local need for affordable housing and a number of growth and spatial options.

As the local authority acknowledge, Monmouthshire forms part of the South East Wales Region which includes a National Growth Area that focusses new development in Cardiff, Newport and the Valleys. Monmouthshire is not within the National Growth Area, as defined by Policy 1 and Policy 33 of Future Wales. The level of economic and housing growth proposed by the Preferred Strategy supports the local need for additional economic and affordable housing growth.

Monmouthshire is predominantly a rural area with widely distributed market towns and villages. The south of the county has strong functional linkages to Newport, Cardiff and Bristol. The county is characterised by very significant environmental assets including the Wye Valley Area of Outstanding Natural Beauty (AONB), the setting of the Brecon Beacons National Park, the Gwent levels, Special Areas of Conservation (SACs), numerous Sites of Special Scientific Interest (SSSI) and many historic buildings and landscapes. The County also possesses some of the most significant tracts of Best and Most Versatile Agricultural land in Wales.

The level of housing proposed for the plan period (5,400 dwellings) is 2,790 units above the Welsh Government 2018-based principal household projection for Monmouthshire County Council minus the Brecon Beacons National Park Authority (BBNPA) area is 2,610 units. The proposed level of housing growth (360 dpa) is above the past 5 and 10-year build rates (310 and 285 dpa).

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respectively). In terms of ensuring that the LDP delivers the identified requirement of 5,400 dwellings the Council has identified a flexibility allowance of 10%, a provision of 5,940 dwellings.

The level of growth proposed in the Preferred Strategy is justified by the need to significantly increase the supply of affordable housing whilst not diverting growth away from the national growth area or have adverse effects on phosphate pollution. The strategy of concentrating new growth primarily in Caldicot and the Severnside area (44%) should reduce the potential to negatively impact on environmental assets and avoid adverse consequences for climate and nature emergencies.

With regard to the level of housing identified whilst it is above the 2018 based projections and past build rates over the last 5 and 10 years, a higher level of housing is only justified by the severe need to deliver affordable housing particularly for younger people. The Council is seeking 50% of new allocations to be affordable housing (1,100 units) which will achieve the key objective of the plan. 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, 7 and 33 of Future Wales.

Future Wales identifies a Green Belt to the north of Cardiff, Newport and the eastern part of the region and is clear that LDPs should not permit major development in areas shown for consideration as Green Belts, except in very exceptional circumstances. This is until the need for Green Belts and their boundaries has been established by an adopted Strategic Development Plan.

Although the areas identified for growth in the Preferred Strategy fall outside of the indicative Green Belt boundary and national planning policy allows for extensions to existing settlements within and adjoining the Green Belt of an appropriate scale, there should be no ambiguity about the need to protect land elsewhere.

Finally, whilst not an issue of general conformity but one relating to the tests of

soundness is that by the deposit stage the Council should be in a position to demonstrate they have collaborated with neighbouring authorities to show alignment between growth levels, both homes and jobs.

Policy S9 (the policy should address reducing parking levels) is intended to provide assistance to the authority and ensure the plan and supporting evidence better aligns with the requirements in the National Development Framework (NDF).

Annex 2

Phosphates

Following NRW's publication of updated guidance relating to phosphates and nutrient neutrality in January 2021, the ability of LDPs to demonstrate they can align with the revised approach is paramount for plans to be able to be considered 'sound'. This primarily applies to the scale and location of new development, the ability of the existing infrastructure to remove phosphates to accommodate growth, the levels of phosphates within the riverine system and how nutrient neutrality can be achieved. Avoiding adverse effects regarding phosphates and the riverine environment may have an influence on the plan's strategy, to which this plan has responded positively. The Deposit Plan and associated HRA must demonstrate nutrient neutrality or betterment in order to be considered sound.

Growth Levels: Homes and Jobs

The Council's Preferred Strategy is based on Growth Option 2, a demographic-led projection, resulting in a requirement of 5,400 dwellings (360 dpa) over the plan period 2018-2033. The strategy places great emphasis on the need for a

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step change in the supply of affordable housing with all new housing sites being affordable housing led (at least 50% affordable). For reasons of consistency the Deposit plan should refer to the strategy as an affordable housing delivery led strategy.

Strategic Policy S1: Preferred Growth Strategy, makes provision for 5,940 dwellings to deliver a requirement of 5,400 units with a 10% flexibility allowance. The Council will need to explain why 10% is appropriate in line with requirements in the DPM as a lower/higher flexibility allowance may be suitable. Too low a flexibility allowance could raise potential pressure to release more land later, whilst too high could result in excessive growth threatening the national growth area relationship.

The Council has removed previous allocations which have either stalled or are not supported by sufficient evidence to demonstrate delivery. It is not appropriate to automatically consider they should be rolled forward. This is considered a prudent approach supported by advice in the DPM.

The proposed level of housing is above the WG 2018 principal projection, requiring an annual completion rate higher than both the previous 5 and 10 year averages. Monmouthshire is also outside the South East Wales National Growth Area, as set out in the Future Wales. However, the Council does have an acute need for affordable housing, approximately 7,000 affordable units over the plan period. Acknowledging a land bank of 3,740 units, combined with all proposed new allocations to be 50% affordable housing, with a refocus of the majority of new development in the Severnside area, the Preferred Strategy is considered to be in general conformity with Future Wales. However, further technical work is required to demonstrate the plan has met the tests of soundness in terms of collaboration with neighbouring authorities and growth in terms of jobs and homes.

Spatial Distribution of Housing

Monmouthshire's preferred spatial strategy, Option 2: 'Distribute Growth Proportionately across the County's most Sustainable Settlements' states the level of growth proposed in each settlement will be proportionate to its size, amenities, affordable housing need and capacity for growth. The settlement hierarchy listed in Strategic Policy S2 is underpinned by findings in the Council's Sustainable Settlements Appraisal (June 2021). The appraisal confirms the dominant role of the Tier 1 County towns of Abergavenny, Chepstow and Monmouth that account for 41% of all housing development. It should be noted this proportion has reduced since the previous preferred strategy. Due to high phosphate levels in the Wye and Usk Welsh Water has made a commitment to improve the Waste Water Treatment facilities in Monmouth and Llanfoist.

Improvements to both works are currently subject to design and regulatory approval. On the basis that improvement to both works to remove phosphates are planned it is appropriate to identify new affordable housing led allocations in both Monmouth and Abergavenny in the Deposit plan.

The appraisal identifies the other Tier 1 settlement of Caldicot within the Severnside cluster, which has strong geographical and functional linkages to other Tier 2, 3 and 4 settlements along the M4 corridor. There is also a strong functional linkage with Newport, Cardiff and Bristol. Together the area accounts for 44% of the plan's housing growth.

It is noted there is a large urban extension to the east of Caldicot for approximately 1,200 units. Whilst this will not have an adverse effect on phosphates, potential implications for not increasing proportionately private car trips, or best and most versatile land will need to be demonstrated by deposit stage.

Welsh Government does not object to the Preferred Strategy's settlement hierarchy and distribution of housing growth with 85% of all new housing

development proposed in the Tier 1 settlements and the Severnside cluster.

The Deposit Plan should:

- Specifically identify the number of new homes proposed in Tier 3 Main Rural Settlements and Tier 4 Minor Rural Villages separately.

Affordable Housing

The Local Housing Market Assessment 2020-2025 (LHMA) identifies a need for 468 affordable units per annum (or 7,020 units over the plan period), of which 68% is for social rent and 32% intermediate need. The greatest demand is for 1 bed properties across Monmouthshire with the level of housing need greatest in the sub-market area of Chepstow and Caldicot (at 46%). It is a significant concern that the Council has not yet revised its LHMA using the new approved methodology. This must do so before the plan is placed on deposit.

To address housing affordability, the Council aims to deliver 1,100 units through 50% affordable housing on the new affordable housing-led allocations. The Welsh Government strongly supports affordable housing-led sites. Delivery will need to be evidenced by testing in the Council's viability appraisals at Deposit stage with effective control over land being a main consideration. For this reason, evidence should include a resolution to use public land for this purpose, a binding legal agreement where the land is in private ownership or a resolution of the council to use compulsory purchase powers. The Welsh Government notes the Council has brought forward public land to deliver this scale of growth which should enable a more robust delivery mechanism to achieve this aim, supported by a robust policy framework.

Strategic Policy S6 identifies the plans affordable housing target totalling 1,850 units based on viability percentages in the adopted LDP for market led sites, with new allocations on affordable housing led sites (2,200 units) achieving rates

of 50%. There is no viability evidence to accompany the revised plan on either a high level or site specific viability appraisals. This needs to be rectified by Deposit stage. The Welsh Government also has the following observations:

- The Deposit Plan should meet the requirements as set out in the DPM 'Affordable Housing Policy Framework – Checklist'.

Employment Provision and Job Growth

Strategic Policy S12 makes provision for a minimum of 38ha of employment land. This is supported by the Council's Employment Land Review (ELR, 2022) advising that employment forecasts are based on past take-up rates (1.85ha per annum) plus a 5-year buffer (9.5ha), equating to a requirement of 37.9ha over the plan period (2018-2033).

The scale of job growth being sought by the Council (+416 jobs per annum) is described as radical structural change in the Council's Demographic Report (Edge Analytics, 2021) and is based, amongst other things, on reducing the commuting ratio from the 2011 Census value (1.12) to the 2001 Census value (1.10) by 2033. The Council's strategy to increase job growth above past trends will require greater clarity in the Deposit plan to evidence how the Council's economic ambitions will be achieved. The robustness of the economic projections should be revisited for the Deposit plan to test their credibility against recent economic events including, the September 2022 mini Budget, ensuing interest rate increases and resultant lower UK growth forecasts. The Deposit plan should also demonstrate the changes required to Monmouthshire's economy and how this will be achieved in a way that is compatible with other authorities in the region.

The Council's strategy is not to reflect past trends but increase job opportunities. On the basis of the evidence the levels of job growth are optimistic. This could result in housing delivery not being matched to new job opportunities, leading to

further out commuting. It will be essential to demonstrate how the increase in jobs can be achieved in a way which is compatible with the South East Wales National Growth Area. This is particularly relevant when Newport is considered to have high levels of B1 office provision/expansion to meet the majority of need in the region.

The following should also be addressed by Deposit stage:

- Not all of the 6,240 new jobs will be in the B-Class sector. The Council will need to demonstrate greater certainty on delivering the scale of job growth as an under delivery of jobs will not deliver on the key issues the plan is seeking to address.
- The Council needs to explain how growth in surrounding Councils, as expressed in the 'Larger than Local Study', such as Newport and high employment take-up rates in Caerphilly, will impact on employment growth in Monmouthshire.
- For the development of large sites to occur, such as Quay Point (13.76ha) significant infrastructure investment is required to make them available for development in the medium to long term. The council needs to demonstrate how/when this will be achieved.

Gypsy and Traveller Provision

The Council submitted a draft assessment for approval to Welsh Government's Communities Division early 2021). The draft assessment identifies a need for 13 pitches over the plan period (2018-2033) with 9 residential pitches 2020-2025 and a further 4 pitches 2026-2033.

A GTAA should be agreed by Welsh Ministers by Deposit stage and cover the full plan period 2018 to 2033. Provision must be made in the Deposit plan for appropriate and deliverable site allocations to meet the identified need in the timescales set out. Failure to agree the GTAA and meet the identified need,

specifically in the short to medium term, could result in the plan being considered 'unsound'. We would therefore encourage your authority to work with our Communities Division to ensure an agreed GTAA is in place by Plan Deposit.

Minerals

The second review of the Regional Technical Statement (RTS2) has been endorsed by Monmouthshire County Council and identifies that no allocations are required in the plan period for crushed rock or sand and gravel. It is a requirement of the RTS2 for all authorities, including Monmouthshire, to agree a Statement of Sub-Regional Collaboration (SSRC) on their contribution to the future provision of aggregate production in the Former Gwent sub-region, which also includes the authorities of Newport, Torfaen and Blaenau Gwent. A SSRC is pertinent for the region as the RTS2 identifies a shortfall of crushed rock, particularly in Newport and Torfaen, with extensive unworked reserves in Monmouthshire.

Other Matters to address at Deposit Stage

- Ensure all development is compliant with TAN15 and flood risk issues. This should be done in compliance with the revised TAN15, anticipated to be published later in 2023.
- Set out a robust housing trajectory, clearly identifying the phasing and timing of sites, linked to any infrastructure required to deliver the housing requirement. Tables 16, 17, 19, 20, 21 and Diagram 16 in the DPM should be completed.
- The selected strategic growth options should be progressed further, with greater clarity, including schematic diagrams and the key issues which need to be addressed for each site to come forward.
- Prepare an Infrastructure Plan to demonstrate how relevant infrastructure to

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support development will come forward (DPM, paragraphs 5.125 – 5.128).

- For some strategic development sites, there is potential for cumulative trunk road capacity impacts, especially at Abergavenny, Caldicot and Chepstow. All strategic development sites should be supported by Transport Assessments that are underpinned by the Welsh Transport Strategy and have regard to Active Travel and air quality, especially in existing Air Quality Management Areas (AQMAs).
- Undertake further work on the contribution renewable energy can make to assist with climate change and decarbonisation.

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