



Caerphilly County Borough
2nd Replacement Local Development Plan 2020-2035

EB5: Housing and Employment Growth Options

October 2026

Housing and Employment Growth Options

April 2026

Introduction

To inform the level of housing and employment provision within the 2nd Replacement Caerphilly County Borough Local Development Plan, 2020 - 2035 (2RLDP), the Council is required to explore a range of growth options utilising the latest population and household projections alongside trend-based growth assumptions.

A number of technical papers have been prepared to evidence the population, housing, and employment requirements of the emerging 2RLDP.

Background

Population and Housing

Evidence Base Paper EB4 Population and Housing Growth Options is one of a number of background documents prepared as part of the evidence base to support the 2RLDP. It considered the current policy context in respect of determining population and household growth, as well as current and historical demographic trends. The Paper set out a number of growth scenarios and assessed what each would mean in respect of the structure of the future population and implications for the workforce and housing requirements.

The Paper recommended that Scenario J: CCR Working Age Population Growth be used as a basis for the emerging plan. This scenario, based on a mid-point between a continuation of the adopted LDP and a 15-year completions average, was underpinned by an annual dwelling growth target of 450 dwellings per year, and resulted in jobs growth of 3,876 (258 jobs per year) for the 2020–2035 plan period.

The labour force generated by *Scenario J* also aligned with the regional growth ambitions, ensuring that the working age population in Caerphilly grows to a level required to support the Cardiff Capital Region (CCR) regional jobs growth targets. The CCR City Deal is a 20-year programme that was agreed in 2016 between the UK government, WG and the 10 local authorities of the South East Wales region, including Caerphilly. The CCR City Deal outlined a target of delivering 25,000 jobs across the South East Wales region by the end of the programme.

The scale of growth was subject to consultation both as part of the Preferred Strategy in 2022, and the Revised Preferred Strategy in 2025. Council has agreed this level of growth as the basis for the 2RLDP

Employment

To complement the demographic evidence, a 'Larger than Local' Regional Employment Study (EB15) was commissioned. This was produced in accordance with the Welsh Government practice guidance on how to develop an evidence base to support local planning authorities (LPAs) in their preparation of employment land strategies and policies. The term "Larger Than Local" refers to an area greater than a single local authority, preferably defined by more than one local planning authority for the purpose of providing information for a strategic study about economic development.

The report is constituted by two main sections: looking at the economic evidence base and the property and employment land market in the Larger than Local Area comprising Caerphilly, Blaenau Gwent, Monmouthshire, Newport and Torfaen.

EB16 Employment Land Review was prepared in 2022. This builds upon and, in the Caerphilly context, partly updates the Larger than Local Employment Study.

Evidence Base Updates

There have been a number of changes since preparation of the original population and employment background evidence papers.

Regional assessment of future growth and migration for the Cardiff Capital Region

In 2024, in partnership with Turley and SQW, Edge Analytics produced a range of demographic growth scenarios for the Cardiff Capital Region (CCR), on behalf of the South East Wales Planning Officers Society (SEWPOS) and the South East Wales Strategic Planning Group (SEWSPG). This included analysis of migration and commuting patterns across the region and the development of a range of demographic growth scenarios for each of the authorities. Employment-led scenarios were produced to model the population growth impacts of forecast employment growth.

For Caerphilly, the study identified levels of growth that were commensurate with those identified in the original Scenario J projections.

2021 Census

A key part of the Revised Preferred Strategy is the consideration of the level of population that the County Borough will accommodate at the end of the plan period. The difference between the current population and the population at the end of the plan period will provide the basis for identifying the number of dwellings that will need to be provided, the number of jobs that are likely to be required, and the likely infrastructure, services and community facilities that will be needed to meet the needs of all residents.

Since the publication of the 1st Pre-Deposit Plan in October 2022, the 2021 Census data has been published and Welsh Government has issued revised mid-year estimates that have been rebased to reflect the Census data. This has particular implications for Caerphilly County Borough as the Census has identified that the

population in Caerphilly is just over 5000 persons less than the mid-year estimates had identified. The rebased mid-year estimates show a lower starting population than has been used for the strategic growth options and this will have knock on effects for the overall population level and structure for the County Borough at the end of the plan period. As a result, the Council has updated its preferred growth option to align it with the 2021 Census and the rebased mid-year estimates.

2022-based Welsh Government Household Projections

Planning Policy Wales (PPW) stipulates that planning authorities should use Welsh Government (WG) household projections to help identify future housing requirements, evaluating whether the projections are appropriate for their area.

At the time of preparation of the 2RLDP Preferred Strategy, the latest set of local authority projections were the 2018-based household projections, published in 2020. Evidence Base Paper EB4 Population and Housing Growth Options considered a range of population growth scenarios, including the 2018-based principal projections, variant projections and a range of other scenarios, including dwelling led scenarios.

In November 2025, the WG published 2022-based population and household projections for all local authorities in Wales. It is necessary to consider the assumptions that inform these projections in the context of the housing requirements set out in the 2RLDP.

Employment Land Requirement

The Employment Background Evidence Paper recommended that 44.5 ha. be allocated in the 2RLDP for class B development, which reflected an employment land requirement of 39.6 ha. for the plan period plus some additional land for flexibility purposes. The 39.6 ha. figure was, itself, based on the past building completions method of forecasting supply which presented a more optimistic conclusion in terms of likely future take-up than the alternative labour demand forecast. Originally, this considered all available data on allocated and safeguarded employment sites up until 2021.

Since then, in order to ensure that the calculations underpinning the employment land requirement remain as up-to-date as possible, past building completions data for the years up to 2025 have also been taken into account, whilst retaining the original assumptions presented in the background paper regarding employment densities, plot ratios and forecast sectoral change in terms of B1, B2 and B8 uses. This reduces the land requirement to 32.8 ha, although the policy of allocating some land in addition to this in order to provide flexibility continues to be followed.

Categorisation of Employment Land and 'Town Centre First'

The Employment Background Evidence Paper set out, among other things, the rationale for the categorisation of allocated and safeguarded employment land on the

basis of permissible uses. The accompanying policy regarded the following uses as being acceptable in principle:

Business parks – B1 uses; and facilities/services ancillary to the primary employment use;

Primary sites – B1/B2/B8 uses; appropriate sui generis uses; and facilities/services ancillary to the primary employment use;

Secondary sites – those uses deemed acceptable on primary sites; and acceptable commercial services unrelated to class B uses.

This approach is designed to protect those sites most conducive to high quality, B1 uses by virtue of their location (predominantly within the context of transport infrastructure) and prevailing pattern of existing occupiers, whilst allowing some flexibility for complementary, non-class B uses on appropriate sites i.e. those sites that are small or locally orientated or where either a mix of class B uses, or a mix of class B and additional, commercial operations, already exists. This approach also makes some allowance, albeit in a non-quantified fashion, for uses for which no identifiable provision exists elsewhere, or where alternative locations may not be ideally suitable e.g. fitness centres, day nurseries, vehicle maintenance operations.

In addition, it considered appropriate sui generis uses to be acceptable in principle. While there is no exhaustive list of such uses, this will permit a reasoned judgement to be made at planning application stage in terms of the desirability of particular uses on particular sites, and will depend on the scale and nature of such uses vis-à-vis the prevailing character of a site as a whole, its primary employment function and the surrounding mix of uses. Therefore, while what constitutes an “appropriate” sui generis use will differ from location to location, it is considered that such uses, by virtue of their commercial nature, can contribute to the economic vitality of sites.

This policy position is also reflective of the situation ‘on the ground’ in terms of the prevailing mix of uses on a site-by-site basis. However, since the preparation of the background paper, applications have been submitted for non-class B1 uses on ‘business park’ sites which, where appropriate, have been considered acceptable in policy terms. Whilst it remains the Council’s position that the majority of uses considered acceptable elsewhere should be restricted on those sites most conducive to high quality, B1 uses by virtue of their location, the view is now held that B8 uses, due to their need for infrastructural connectivity, are, in general terms, suitable on sites that exhibit such characteristics. The previously-stated position that ‘business park’ sites accommodated sui generis uses was erroneous; such uses should be restricted to primary and secondary sites. The policy framework set out in the Deposit Plan will therefore reflect this updated position.

The Development Plans Manual advises that LDPs should include a criteria-based policy to control non-class B uses, and the ELR recommends that such proposals be required to demonstrate the following:

Sites/premises are no longer suitable or reasonably capable of being utilised for employment (class B) purposes; and

Sites/premises have been proactively marketed for class B use for a reasonable period at a reasonable market rate as supported through a documented, formal marketing strategy and campaign; or

The proposal would have a significant community benefit which outweighs the impact of the site/premises being utilised for an alternative use.

In demonstrating the above, a proposal would be required to provide evidence of the site/premises being marketed by a recognised commercial agent operating locally and/or nationally. The length of the marketing period vis-à-vis the quality of the site/premises and the length of time for which a unit has been vacant are clearly important considerations. However, each proposal should be assessed on its merits.

To this end, the Background Evidence Paper proposes the inclusion of a criteria-based policy against which proposals for “acceptable commercial services” on secondary sites should be assessed. However, it is considered that such a policy should apply, instead, to proposals that fall outside the range of those considered permissible under the categorisation policy.

Whether or not a commercial service unrelated to class B use is to be considered “acceptable” on a secondary site is subject, instead, to an assessment of that use within the context of the prevailing mix of uses on a particular site (this approach should also be utilised in terms of the consideration of sui generis uses). However, such considerations should also have regard to Policy 6 (Town Centre First) of Future Wales which requires that a range of uses of a “significant” scale should be located, in the first instance, within town centres. Consequently, the wording of the policy will be written to reflect this.

Allocated Employment Sites

The following table lists those sites originally proposed for allocation for class B use, and sets out the current situation with regard to each as a result of site-specific constraints:

Site Ref	Site Name	Settlement	Size (Ha)	Type	Update
E1.1	Heads of the Valleys Industrial Estate	Rhymney	5.2	Primary site	No change
E1.2	Land at Ty Du	Nelson	2.8	Business park	No change
E1.3	Tredomen Extension	Ystrad Mynach	4.2	Business park	No change
E1.4	Plateau 1, Oakdale Business Park	Oakdale	15.2	Primary site	Revised site area 17.8 ha
E1.5	Plateau 2, Oakdale Business Park	Oakdale	7.0	Primary site	No change
E1.6	Plateau 4, Oakdale Business Park	Oakdale	2.0	Primary site	No change

Site Ref	Site Name	Settlement	Size (Ha)	Type	Update
E1.7	Dyffryn Business Park North	Ystrad Mynach	0.8	Primary site	Excluded due to flood risk issues
E1.8	Land at Van Road	Caerphilly	2.6	Business park	Excluded due to flood risk issues
E1.9	Land at Caerphilly Business Park	Caerphilly	3.0	Primary site	No longer available for class B use
E1.10	Land at Trecenydd Industrial Estate	Caerphilly	1.7	Secondary site	Revised site area 1.3 ha
<i>Additional sites not counting towards the employment land supply</i>					
E1.11	Hawtin Park North	Gellihaf	4.5	Primary site	No change
E1.12	Dyffryn Business Park South	Ystrad Mynach	6.3	Primary site	Excluded due to flood risk issues

Demographic Evidence Update

In 2025 and following preparation of the Regional Assessment of Future Growth and Migration for the Cardiff Capital Region, the Council commissioned Edge Analytics to produce a range of demographic evidence, XX Caerphilly Demographic Evidence, to reflect recent changes and inform the 2RLDP.

Demographic Profile

The report presents a demographic profile of Caerphilly, including the 2021 Census headlines, the latest historical mid-year population estimates (MYE) from the Office for National Statistics (ONS), household estimates from WG, as well as the latest official WG 2022-based population and household projections.

Demographic Scenarios

A range of demographic scenarios are presented. These have been developed using the latest demographic statistics from ONS and WG, along with Edge Analytics' VICUS forecasting technology. With variant assumptions, each of the demographic scenarios presents an alternative growth outcome for comparison with the official WG projections for Caerphilly. Scenarios that consider the impact of housing growth (dwelling-led) or employment growth (employment-led) have also been developed, as well as variant migration trend scenarios.

Eight scenarios have been configured for Caerphilly, including WG, alternative trend, employment-led and dwelling-led scenarios, including the Preferred Strategy Option Scenario J: CCR Working Age Population Growth.

The scenarios produce a range of population, household, dwelling, labour force and employment growth outcomes.

Summary

Population Growth

Caerphilly has an ageing population. The ageing of the population has important implication for the provision of housing and service in Caerphilly, as well as the ability of the resident labour force to support the county's growth and economy. In each of the dwelling-led scenarios, growth in the working age is projected.

Household and Dwelling Growth

The level of household and dwelling growth has generally been derived from the defined MYE. To reflect the early years of the plan period, the annual average dwelling growth figures for the plan period have been adjusted, replacing the modelled dwelling growth 2020/21– 2024/25 with the recorded completions and this provides an updated annual average dwelling growth estimate.

Employment Growth

In the **Dwelling-led** scenarios, with a forecast growth in the working age population and higher levels of net migration, a larger labour force forms, supporting a higher level of employment growth.

Alignment with Regional Growth Ambitions

Whilst there are differences and caveats to be aware of when comparing the **Dwelling-led** scenario outcomes to the 2024 CCR scenarios, the levels of housing growth under each of the **Dwelling-led** scenarios is sufficient to support the growth in the size of the labour force identified through the 2024 CCR analysis.

2RLDP Level of Growth

The Dwelling-led (J) scenario reflects the agreed 2RLDP level of growth. The key elements are:

- Population Change 2020-2035: 8,848
- Percentage Population Change 2020 to 2035: 5%
- Household Change 2020-2035: 5,443
- Percentage Household Change 2020-2035: 7.1%
- Total New Dwellings: 6,165
- New Dwellings per annum: 411
- Change in working age population (labour force): 6,983

The 2RLDP will also make provision for 40.3 hectares of employment land for class B use. This is a revision from the original figure of 44.5 ha. due to the availability of a wider range of past building completions data.

Conclusion

Caerphilly County Borough is located within the Cardiff Capital Region which, through its City Deal, has ambitious economic and job growth aspirations. In addition, it is also located within the National Growth Area identified in Future Wales, which seeks a commensurate level of growth to be provided in this area. A fundamental part of any strategy that seeks to satisfy these requirements is a population that supports appropriate level of growth.

The agreed level of growth, as proposed in Scenario J, has been adjusted to reflect recent changes and the number of completions during the early part of the plan period. This option supports regional growth aspirations in that there will be an appropriate labour force available to support future job creation in the region.

The scenario would require an increase in migration to a level that is higher than long term trends, with a dwelling requirement of 411 dwellings per annum, which is also higher than long-term past trends. Whilst these factors are higher than long-term trends, the regional study identifies that whilst these are ambitious, they are deliverable in the regional context.

Therefore, the 2RLDP housing requirement continues to represent a robust basis to deliver a sustainable and deliverable level of growth over the plan period.