



**COMMENTS FROM HEADS OF PLANNING SCOTLAND (HOPS) ON THE POTENTIAL FINANCIAL IMPLICATIONS OF THE PROPOSALS TO BE SET OUT IN THE PLANNING BILL - SUBMITTED BY HOPS TO ASSIST AND INFORM THE SCOTTISH GOVERNMENT IN THEIR SUBMISSION ON THE RELATED FINANCIAL MEMORANDUM**

“All Scottish Government Bills **must** be accompanied by a Financial Memorandum setting out the best estimates of the administrative, compliance and other costs to which the provisions of the Bill would give rise. It must also include best estimates of the time scales over which such costs would be expected to arise, and an indication of the margins of risk and uncertainty in such estimates”

Extract from Financial Guidance Note 2009/1

**Comments compiled on behalf of HOPS by Jim Birrell, MRTPI, HOPS Planning Review Programme Manager.**

**Formally approved and signed off by Heads of Planning Scotland.**

**October, 2017.**

## 1.0 BACKGROUND

1.1 Heads of Planning Scotland (HOPS) is the representative organisation for senior planning officers from Scotland's 32 local planning authorities, 2 national park authorities and 4 strategic development planning authorities.

1.2 The purpose of HOPS is to:

- Promote the profile of public sector land use planning
- Support and promote excellence in planning leadership
- Ensure the delivery of a culture of continuous improvement in planning authorities, and
- Provide advocacy and coordination to ensure that planning authorities are properly resourced to deliver quality outcomes.

1.3 In the last 2 years HOPS has had a particular focus on the planning review workstreams and the preparatory work being carried out by the Scottish Government towards the implementation of a new Planning Bill and the related secondary legislation and detailed matters. During this time HOPS has worked with the Scottish Government officers to assist in the development and improvement of the legislation by publishing a series of Working Papers, attending workshops and meetings, and attending update meetings and discussions. The HOPS Planning Review Programme Manager has also had a specific role to continue to liaise with SG officers and offer guidance and comments as necessary on the emerging planning reforms.

1.4 HOPS is particularly grateful to the following individuals and local planning authorities who submitted comments and evidence to inform this Paper, at the survey stage and at the draft consultation stage.

Robert Gray- Aberdeenshire- Chair of HOPS, Iain McDiarmid- Shetland- Vice Chair of HOPS  
Pam Ewen- Fife Council, Jim Young- Moray Council  
Matt Mulderigg- Argyll and Bute Council, John Esslemont-South Ayrshire  
Dorothy Macdonald- Clydeplan SDPA, David Jennings- Aberdeen City and Shire SDPA  
Stuart Tait- Clydeplan SDPA, Alice Miles- SESPLAN SDPA  
Forbes Barron, Glasgow, Alastair Hamilton, Fife  
Ian Dryden, Falkirk, Gordon Cameron- South Lanarkshire

1.5 As the size and complexity of the planning authorities in Scotland varies considerably, inevitably the proposed changes will impact in a variety of different ways, and there will undoubtedly be specific impacts on certain areas and there will be extremes of impact reflecting this diversity e.g. cities and island authorities, rural and urban areas, large and small councils.

1.6 HOPS recognises the importance of this diversity and the difficulty of providing a "single representative view", which takes account of the unique geographies across Scotland. This submission is however, approved and signed off by HOPS as a high level, generic response to the likely financial impacts at this time. This assessment has been based on the latest Technical Paper published by the Scottish Government in September 2017 and a summary of the cost implications suggested by the Scottish Government is provided in Appendix 1 at the end of this Paper, to provide relevant context. HOPS will however keep this response up to date as further details emerge and will adjust the content accordingly.

## 2.0 INTRODUCTION

2.1 All Bills submitted to the Scottish Parliament **must** be accompanied by a Financial Memorandum (FM), which sets out the best estimates of the costs of the Bill, the timescales over which the costs are expected to arise and the margins of uncertainty that apply to these estimates.

2.2 **The FM is prepared by Scottish Government officials.**

2.3 The FM **must** set out

- the best estimate of the costs and savings to which the legislation would give rise to
- best estimates of the timescales over which such costs and savings would be expected to arise
- an indication of the ranges of uncertainty in such situations

2.4 Each FM **must** distinguish the following costs,

- The Scottish Administration/Scottish Government
- Local Authorities
- Other businesses, individuals and organisations

2.5 The Finance Committee scrutinises the FM for each Bill. Usually this scrutiny involves asking organisations and individuals who may be affected by the Bill if they have any views on whether the estimates in the FM.

2.6 The Committee will ask people to submit their views in writing. Depending on the views that are received, the Committee may take oral evidence from stakeholders and/or Scottish Government officials.

2.7 To conclude its scrutiny of the FM, the Committee will make a submission to the committee that has been the lead committee for scrutiny of the relevant Bill. If the Committee has not taken oral evidence this submission may simply pass on the written views or highlight some of the key themes on which views have been given. If the Committee has decided to take oral evidence, the submission will be in the form of a report to the lead committee.

2.8 This Paper from HOPS will form the basis of the HOPS submission to the Scottish Parliament, should HOPS be called to provide oral/written evidence, updated as necessary as more details are developed by the Scottish Government.

### **3.0 HOPS INPUT TO THE FINANCIAL MEMORANDUM TO ACCOMPANY THE PLANNING BILL**

3.1 HOPS considers that it is essential that the possible financial impacts of the measures being included in the Planning Bill are assessed, as far as they can be, and commentary is provided to enable the Scottish Parliament to be aware of these potential impacts, particularly at a time of financial restraint in local government and also at a time when the planning fee regime is to be overhauled and moved towards a more sustainable foundation.

3.2 Although the Scottish Government has set out some broad indications of possible impacts on costs and resources in its Technical Paper, HOPS feels that this is based on very general assumptions and without the benefit of the worked up details and implementation proposals and therefore has to be treated with some caution.

3.3 In implementing the 2006 Planning Act there were additional workstreams added in to the planning workload which attracted additional costs and some unintended consequences for administrative, legal and staff costs for Local Planning Authorities (LPAs). E.g. Local Review Bodies, Neighbour Notification and the setting up of new Strategic Development Planning Authorities.

3.4 No additional funding was made available for the setting up of new LRBs or implementing neighbour notification processes, but start-up costs of £400,000 were provided by the Scottish Government for the SDPAs by the Scottish Government.

3.5 For the new Planning Bill HOPS has been working with SG officers to try and provide early detail and considerations so that the financial impacts can be better assessed as part of the decision-making process on the detailed proposals for the way ahead. Whilst no final decisions have been formally made the fundamentals of the main proposals are firmly established and unlikely to change much before the Planning Bill is published later this year. HOPS is taking the proposals set out in the Position Statement and the more recent Technical Paper as the clear direction of travel and the potential contents in the Planning Bill and other legislation as our first consideration. HOPS will, however, keep this Paper up to date and revise it as necessary as more details emerge in the further preparatory work being undertaken for the Planning Bill towards the end of the year.

3.6 The Planning Bill, as set out earlier, will need to be supported by a Financial Memorandum and a Business and Regulatory Impact Assessment. It is therefore important to quantify potential impacts and benefits as accurately as we can, from the information we have available on the likely changes to the planning system.

3.7 HOPS carried out a survey of all LPAs using a series of set questions agreed in advance with the SG officers as set out below. The response to the consultation drafts has attracted comments and evidence from a wide range of different sized authorities however, it is acknowledged that the level of detail and certainty required to respond effectively is not available at the time of assessing the potential costs. It is therefore impossible to ascertain any accurate details on financial and business impacts at this stage, which will only really emerge in the actual implementation of the new measures as and when adopted.

3.8 Notwithstanding these limitations and constraints, it is hoped that these comments and observations identified by HOPS will assist the SG in its preparation for the introduction of the Planning Bill, by providing an indication of the possible likely costs and impacts to be incurred by LPAs.

3.9 HOPS repeats its willingness to work with the Scottish Government in the next development stages of the Planning Bill and the other related legislation so that the impacts on costs and resources can be carefully considered and assessed, and where possible we can achieve changes and improvements, with minimum adverse impacts on the LPA budgets. Of critical importance will be the separate workstream to be undertaken by the Scottish Government in relation to Planning Fees and Income and HOPS anticipates significant partnership and co-production in this vital area.

3.10 HOPS has deliberately not commented on the likely costs to be incurred by the Scottish Government or other bodies or organisations as these will be provided by the other parties.

## **DEVELOPMENT PLANNING**

### **1. How much does it cost to produce a Strategic Development Plan (over 5 years)?**

Although it is relevant to consider the costs associated with the current SDPAs as a base comparator HOPS considers that the new regional partnerships will be totally different in terms of their style and organisation and the costs outlined below therefore require to be treated with some caution and not simply aggregated across.

There are currently 4 SDPAs across Scotland involving 20 different LPAs working in different partnership arrangements. An analysis of the budget information for each SDPA as published in their annual audited accounts shows that the total income was £1,183,000 to cover expenditure.

Obviously, the costs differ between different years and the stage of the SDP cycle which is being worked on but the average costs incurred over the last 3 years have been £1.3 m.

The budgets are fundamentally funded from equal contributions paid in by the constituent LPAs.

The breakdown figures for 2015/2016, extracted from the most recent individual Audited Accounts were,

- Clydeplan- £579,500@ £72,437.50 each LPA
- SESplan-£279,300@£46,550 each LPA
- TAYplan-£204,000@£51,000 each LPA
- Aberdeen City and Shire- £121,000- @Aberdeenshire £69,000 and Aberdeen City £52,000

These figures are on an annual basis but provide a reasonable estimate of the 5-year costs of running and operating the 4 SDPS and all other associated costs at £6,000,000, based on the current arrangements and funding streams. This is not a total figure and is an underestimate of the overall SDP and SDPA costs as this does not include the significant amount of work carried out by staff in the partner authorities to support the work of the SDPA teams. E.g. For Clydeplan there are Working Groups for Economy, Housing and Industry which carry out input work for the

SDPA and these are resourced by the constituent LPAs. It also excludes the actual costs of producing the SDP itself.

The staff resources required to service the SDPAs was very small and represented less than 2% of the planning staff in Scotland. In the last few years the staff resources have been reducing from approximately 26 FTEs at the beginning to 12 FTEs in the current year.

The new measures set out in the Planning Bill will enable partnership arrangements to be made across the whole of Scotland although it will be a less formal set of arrangements, with the potential for less staff and management costs, depending on the operational models selected by the partnership groupings. The recent Enterprise and Skills Review will influence the new regional partnership working and it set out 3 main variants for consideration.

- Partnership Agreement
- Joint Committee of Councils
- Limited Liability Partnership

It may be possible for the existing arrangements and set ups to continue in a broadly similar format for a particular SDPA, staffing and funding if the existing LPAs agree to merge this in to any new partnership arrangements. The indications are that several of the SDPAs are reducing their contributions in moving to different models of delivery but any new/replacement costs for the new partnership arrangements will be borne by Councils in a corporate sense and not be a burden on existing planning budgets per se.

Nevertheless, it is anticipated that all Councils in Scotland will seek out the benefits of joint working and cross boundary partnerships to provide coordinated provision of key infrastructure, housing and economic investment, which is already bearing fruit in other joint working arrangements, such as “City Deals”.

The new arrangements will essentially be “co-productions” but there will be additional costs to the relevant Councils, although these are not likely to be at the levels currently set by the formal SDPAs. The 20 LPAs currently involved in the SDPAs are likely to experience cost and efficiency savings if there is no longer a need to contribute to the costs of an Examination for a SDP or the preparation and publishing of individual documents, but this may well be offset by setting up and running the new regional partnerships, which will require a range of resources and services to be provided. There will still be a need to publish documents and strategies, particularly if the new partnerships are to ensure they get their message across to stakeholders, interested parties etc. and the theme of wider and more effective community engagement is implemented at the regional scale.

It will be crucial that the current investment by local councils in strategic planning teams is maintained in the interim period and during formal transition to maximise the potential that the new regional partnerships could bring to local areas and to ensure continuity of skills, collaboration and data.

For the 12 LPAs not currently in the existing SDPAs additional costs will obviously arise. It is anticipated that these will not be at a significant level, as the work will build on existing working arrangements and relationships, for example, for economic development strategies and

engagement in the preparation of the NPF, but additional costs will be involved if effective regional partnerships arrangements are to be put in place.

As an example, the Joint Planning Unit in Ayrshire was a continuation of the previous statutory arrangements for Structure Plan preparation that existed prior to the 2006 Planning Act and that continued as a non-statutory regional planning partnership until 2013. The costs of these arrangements were around £70,000 for each of the 3 authorities within Ayrshire. It was funded by the 3 Planning Authorities and largely reflected the costs associated with the employment of seconded staff from the 3 LPAs. The costs associated with the Ayrshire Partnership could also in part, be attributed towards regional coordination.

Interestingly, the funding model for SDPAs was based on equal contributions from each participating authority, regardless of size. Emerging thinking on the new regional partnerships shows a tendency for the funding to be based on a proportionate, pro rata basis based on actual size.

It is envisaged that there could be additional savings arising from the sharing of skills and expertise, joint commissioning of evidence gathering and any related consultancy work, combined with access to centrally gathered data and evidence, but this in itself may not present significant savings. This is particularly relevant to any national/strategic data utilised for the NPF and SPP integration work.

There will be many more regional partnerships than the 4 current SDPAs, as the coverage is expected to be Scotland wide. Final numbers cannot be confirmed at this stage, but as they will be run and organised in a less statutory and formal manner the costs are likely to be less than the current costs of running the SDPAs. Ultimately, the final costs will be determined by the rate of take up and the structures adopted, which are not possible to predict in advance.

There will need to be adequate transitioning arrangements put in place, particularly for the 4 existing SDPAs and the 20 LPAs involved, but the timing is anticipated to coincide with the intended timescale for adopting NPF4, which is 2020. The Technical Paper confirms that planning authorities should continue to undertake their duties as defined in the existing legislation and that detailed arrangements will be brought forward setting out when and how planning authorities should move to any new arrangements.

## **2. How much do LPAs outwith SDP areas currently spend on regional coordination?**

This is a largely unknown area of current expenditure and it is not possible to provide any degree of context or accuracy. There is joint working taking place between authorities, as evidenced by the recent City Deals approaches, but most arrangements are informal or less formal and likely to be identified as “business as usual” or not separately or specifically budgeted for.

These arrangements are likely to be multi-service, involving Roads, Transport, Economic Development and Housing for example, as well as Planning so any actual costs would be jointly allocated.

There is, for example, in Shetland, close co-operation between the Islands Councils, specifically under the banner, “Our Islands, Our Future” banner, and also more informally on specific topics.

LPAs do a considerable amount of joint working on cross boundary and regional and sub-regional coordination across different services and functions. No accurate basis for assessing these costs outwith SDPAs has been identified so a comparison figure to assist setting a financial baseline is not readily available.

### **3. How is future regional partnership work likely to compare to each of these?**

As indicated above this will entirely be dependent upon the task and duties allocated to the regional partnerships and the precise mechanisms set up to deliver the outcomes specified. For example, will there be a “lead” service identified to coordinate the partnership working or will it be a “corporate” approach adopted to include all the key Council services?

The actual costs of regional partnerships will depend on their prescribed functions and any statutory powers attributed to them, e.g. to provide a regional spatial framework to support the development of future regional/city growth deals.

Another important aspect to factor in is the more integrated engagement with the development of the NPF and SPP and this is likely to require resources similar to those attributed to the Ayrshire Partnership, if the evidence base for future planning is to be robust and meet the requirements of future scrutiny.

It seems it will be optional for LPAs to consider new regional partnership arrangements so if an LPA chose to embark on creating new partnerships, it will inevitably be an additional cost to that LPA. Additional costs are likely to be incurred in the areas of administration and management, in addition to service specific costs, and will not solely be borne by LPAs, but Councils overall.

### **4. How much does it cost to produce a Local Development Plan (over 5 years)?**

This is very difficult to answer with any real accuracy as all LDPs are different in the extent of the physical area they cover, the context and complexity of the issues being identified, and the level of community and public engagement used.

One example provided by a medium sized LPA indicated that if you include the full cost to the Council of all the services that contribute (including staff time) to its LDP monitoring and preparation, all admin costs, legal costs, examination costs, technician time, and printing costs it could be £0.5M to £0.75M.

Fife has just completed the full LDP cycle and confirms main costs to be approx. £0.5m, excluding SDP contributions and staff costs. The figures include £200,000 incurred in LDP Examination costs. The figures are broken down as follows,

- Year 1- Main Issues Report and advertising - £5K

- Year 2 -Development Strategy consultation, events, Objective and consultation events- £12K
- Year 3 – LDP work including transport modelling, Proposed Plan production and consultation - £90K
- LDP work, including Examination costs and Objective- £170K
- LDP work, including Examination costs and Objective- £140K
- LDP Examination, post adoption SEA and final printing- £60K

Final costs for the LDP are estimated at £480 K. In contrast Glasgow confirms that DPEA costs for the City Development Plan were around £50,000.

The actual costs incurred by LPAs varies considerably across the country and there is no “average” figure to utilise.

The initial costs for LPAs will be dependent on where they are currently in their LDP cycle and how many “step backs” they may need to undertake. This will be subject to the detailed transitional arrangements and when they will be introduced but it is acknowledged that existing legislative requirements remain in force. The anticipated timescale for implementation is likely to be 2020 to tie in with the adoption of NPF 4.

**5. How is this likely to change under SG proposals? - removal of MIR, new gate check, consultation on the Draft Plan and removal of supplementary guidance.**

It is unlikely that the physical costs of production will vary significantly but if the same or similar costs were spread over 10 years rather than 5, there will inevitably be a potential for year on year savings. The same matters will still have to be covered and the same level of detail is likely to be required but the moving away from a 5- year cycle of almost constant review to a shorter and more streamlined format over 10 years has the potential to save costs, but these are likely to be required to be reinvested in more extensive community engagement and new additions to the process, including gate check processes, and more regular reviews for housing, for example.

The change to the 10-year cycle gives scope for alternative use of resources, either cyclical downsizing or diversion of resource to deliver LDP, although it is difficult to accurately estimate this in financial terms.

HOPS supports an enhanced SPP approach but some authorities are concerned that, for example, this approach may not be sufficient to cover the complexity of issues in Glasgow or other cities.

If the proposal for greater detail in the SPP is implemented leading to the removal of significant policy detail from the LDP this should lead to reductions in preparation and production costs, and ultimately Examination costs. This will fundamentally depend on how the policy content of SPP is set up if LPAs then have the confidence to use it and rely on it.

The Government's desire for more extensive and continuous engagement during the preparation phases of 2-3 years and the implementation and delivery phase for the remainder of the 10-year Plan will incur costs for LPAs. It may well be that more of the costs will be incurred at the start of the process, as the assumption would be that investment in early engagement will save costs later at the gatecheck and Examination stages.

It is anticipated that there will be a degree of "efficiency" savings created within the new arrangements but these may require to be redirected to the overall "end to end" LDP process", with additional tasks and responsibilities for LPAs and the reality of actual cost savings may not be realised.

**6. What costs might there be in producing updates to the LDP?**

HOPS assumes that this is likely to vary as the updates will be focused on particular issues that have generated a need for the process. The scale of the issue to be addressed and the work involved in undertaking the update is therefore difficult to predict generally. If, however, the need for updates is frequent, and potentially irregularly/unpredictably triggered throughout the proposed 10-year plan cycle, then there is likely to be significant demands on the resources of the Planning Authorities and this could effectively cancel out the savings made from the longer cycle of LDP production.

The longer Plan cycle will not produce savings as the process for updates and regular examination will continue.

**7. What costs are there for LPAs in contributing to the NPF and SPP? Are these likely to change with the new enhanced proposals?**

The assumption being made that much of the policy content in LDPs can be covered in SPP underplays the complexity of issues that cities like Glasgow face, and HOPS recommends that further dialogue takes place between the Scottish Government and LPAs regarding the balance of policy content and context between SPP and LDPs if the subtlety of policy is not to be lost. An example provided by Glasgow is the town centre first approach in SPP. Whilst this is entirely appropriate at national level, it does not provide sufficient depth for the issues that Glasgow City Centre faces in competition with other major centres. These discussions will be essential in avoiding conflict later on, but could have cost implications.

This is currently not a significant cost item for LPAs as it is not extensive and onerous in terms of specific staff time, although there are obvious peaks of activity at the launch of a new NPF/SPP and the consultation and engagement processes prior to that. Generally, HOPS considers that limited staff time has been used previously, but this is likely to be increased, perhaps significantly with the new procedures if they are to be more binding and contain more detail, especially relating to housing land figures and infrastructure provision.

There will also be a related increased role and engagement with the new Regional partnerships and this will be new, and additional expenditure not previously budgeted for. Although costs are

considered to be relatively modest currently they will increase to a more significant level which cannot simply be absorbed by existing staff.

**8. Will the change from Action Plans to Delivery programmes have any impact on the costs to LPAs?**

It seems clear that, through shortening of the plan preparation period, the Scottish Government wants authorities to spend more time focusing on interventions in delivery, particularly in relation to housing, and this could therefore mean additional resources required for delivery plans.

The need for a more comprehensive delivery programme which will have to take detailed account of infrastructure/funding issues and be prepared in more close partnership with the development industry and it is likely to generate a need for additional resources within Planning Authorities, to ensure that the outcome is of the quality required and can be more effectively used to track and promote development on the ground.

It also depends if there is to be a requirement for Councils to facilitate delivery of plans. Without that the costs are mainly staff time for keeping it up to date. Costs of actual delivery are dependent on the Council and its ability/willingness to invest.

In Shetland, the Council is already working towards prioritising delivery and is currently spending significant resources in the preparation and adoption of 2 masterplans for key housing sites. Overall, HOPS considers that there will be additional costs involved in this revised approach and they could be significant. Additional staff resources are likely to be required to undertake an annual update of the Action Plan, as well as coordinating the implementation, in addition to wider corporate requirements and these could be significant. One LPA considers that an additional Planner would be required to carry out the additional range of duties, as a minimum requirement.

Overall, HOPS considers that the delivery of a 10-year Plan will require more priority, viability and infrastructure co-ordination and will require additional staffing and additional skill sets, and is likely to incur additional cost for landowners and developers at an early stage.

**9. What broader impacts can be expected from the changes to development planning? - greater certainty, economic development, community planning liaison, infrastructure provision....**

The process has the potential to establish a framework which can improve partnership working between community planning and land use planning. This can ensure that these plans have a broader relevance both to the agencies charged with their delivery; and can be seen to have more significance for the communities to which they apply.

There is potential for significant benefit but the devil is in the detail of how many of the issues are to be tackled and we have not yet seen that detail. Especially so because many of the issues to do with land and development delivery involve issues that are outside the land use planning

acts and require changes to infrastructure investment and coordination, control of land value through legislation (land or tax related).

Another key aspect relates to the links between spatial and community planning and how the legislation is going to require closer working arrangements, in relation to Local Place Plans and wider community engagement.

## **COMMUNITY ENGAGEMENT**

### **1. What might be the costs of incorporating Local Place Plans into the LDP, as an update?**

This is a notable change in the emphasis to be placed on community engagement in the planning process and it is crucial that local communities can become more involved and have their views and proposals checked, assessed and considered by the LPA as an integral part of the LDP process. The precise methods of doing this are not yet known but it will be incumbent on each LPA to resource a suitable response process, including staff costs.

This will be an important component in the new planning reforms and it will be a reinvigorated opportunity for LPAs to work with local communities and others in a new way.

HOPS does not expect every community to want to produce an LPP but it is considered essential that the LPA determines the priority areas for new LPPs on the basis of identified needs and opportunities and it is linked to growth, development and redevelopment ambitions. Ultimately this will depend on whether the planning legislation makes specific links to wider Government policies, such as more focus on the areas of greatest need.

Essentially, the requirement to produce a LPP is one for the identified community concerned and this will depend on how the community intends to fund the production of any plan. This could range from using consultants and advisers, to a locally produced Plan by community volunteers.

LPAs may be approached for funding assistance and this will depend on the specific approach taken by each LPA. The response could range from no financial assistance being offered, to a fixed sum paid to each LPP sponsor as a gesture of support and partnership working. The need to link in effectively with existing mechanisms within community planning engagement is paramount to avoid duplication of efforts and resources.

One LPA surveyed by HOPS reckoned that there could easily be the potential for over 80 'communities' to want to prepare place plans, but this figure is not able to be predicted with any accuracy.

The level of work required to mentor communities through the process, and ensure that they have the necessary information and assistance needed to deliver a plan – and to follow up this process with the reconciliation of any conflicting issues - is very significant.

It is likely that the additional community engagement costs could be accommodated but the support for the development of Local Place Plans requires significant resources. Experience from LPAs who have carried out similar exercises, such as “Planning for Real” costs is that each place plan requires the support of a community worker and a planning officer, and can take a year to produce, with involvement from all services in the Council.

If adequate resources are not provided then the process is likely to quickly fall into disrepute and not be seen as having any significant or meaningful role to play in delivering improved places.

Additional rounds of consultation, and increased demands on staff time will be inevitable and without additional staff this would impact on the timing of the LDP delivery. Also as the number of settlements choosing to take up the opportunity will vary any expenditure levels by the LPA budgeting or this will be outwith the control of the LPA.

It will however be vitally important that Councils resource the work around LPPs appropriately to ensure that it is seen as a vital component of the LDP, and it is not seen as some kind of “tokenism”. This is a critical area for trust and confidence to be evidenced to the local planning communities and it must therefore be resourced accordingly by the careful and considered integration of community planning and spatial planning in relation to Locality Plans and Local Outcome Improvement Plans, Local Action Plans etc.

Interestingly, Neighbourhood Plans in England are funded by Central Government, although LPPs are not seen as a direct equivalent.

The Scottish Government already recognises that this new provision could generate costs for LPAs, communities and other stakeholders but the level of actual take-up is difficult to determine in advance of the legislation. It is accepted that there will be the opportunity to benefit from efficiency savings, working more closely with existing community led initiatives, such as the Locality Plans and Local Outcome Improvement Plans and ensuring that community engagement exercises, such as charrettes, are clearly targeted to the communities in most need.

HOPS is concerned that the Technical Paper suggest that communities may still bring forward LPPs outside this process of filtering and prioritisation and the discussions around this have the potential to be time consuming and costly.

The Technical Paper acknowledges that this new provision could generate more costs for LPAs. The timescale for the new round of LPPs is likely to be 2019/2020, and the Government is to support pilot work and early efforts to explore how they might work in practice.

- 2. Are there any specific additional costs or savings from increasing community engagement in the preparation of development plans, including consultation on Development Plan Schemes? Can you quantify any benefits?**

As indicated above, increasing community engagement will require resources to ensure it is carried out effectively. There is the potential that more community involvement, at an early stage in plan preparation, can reduce the level of 'conflict' at the end of the process and this may deliver savings through less need to consider and respond to objections etc.

However, the plan making process is equally likely to be one that cannot be expected to satisfy all the parties who engage in its preparation and the conflict may not reduce but take on a different hue. Additional consultation, regardless of what stage of the plan making cycle it is at, brings with it increased costs, both direct and in terms of staff time, and this requires to be recognised, acknowledged and accommodated in the budgetary provision to local Councils.

## **REVIEWS AND APPEALS**

### **1. What are the costs to LPAs of Local Reviews and involvement of DPEA Appeals?**

No separate costs for LRBs and DPEA appeals have been submitted but HOPS considers that LRBs created under the 2006 Act was an additional function which LPAs had to resource from existing budgets. The practices across Scotland are different but it is usually a "committee" of the Council served by officers from Legal and Planning Services. The costs are restricted to the administration of agendas, minutes and staff attendance. Site visits are also carried out which incur expenditure.

Some LPAs use the services of an external, independent consultant to advise the committee and this obviously incurs fees. The report which forms the basis of the review process is the original officer report of handling so no additional reworking is required.

The DPEA appeal process is mostly carried out digitally, in terms of the electronic submissions of reports, consultations, objections and representations.

### **2. How many more cases might go to LRBs under the SG proposals? (E.g. transfer of advertisement appeals, any further delegation of fairly minor proposals) Is this likely to be a cost or a saving?**

The addition of minor proposals as proposed is not considered to generate a significant increase in the workload of PLRBs and the likely cost impacts will be neutral for the planning service as the work required to 'defend' a decision is not significantly different if it goes to PLRB rather than DPEA.

However, PLRBs generate administration costs associated with the running and organising of PLRBs and if there are more cases then these minor administrative costs would increase.

It is estimated that the proposals might result in some 5-10 additional applications per annum per LPA being determined by LRB with DPEA submission.

It is known that the cost of resourcing an LRB is generally greater than the resource required to respond to a DPEA appeal.

HOPS does not consider this minor adjustment to be significant in overall financial terms but some of the smaller LPAs who have limited staff resources and therefore less flexibility to manage workloads are concerned that additional legal impacts and elected member involvement will incur additional costs.

## **DEVELOPMENT MANAGEMENT**

### **1. What impacts can you estimate from broadening permitted development rights along the lines suggested in the Places, People and Planning consultation and Position Statement?**

There will be some reduction in application numbers – however this can be in part compensated for by an increased need to address complaints about developments taking place which does not require consent. Similarly changes in PD rights have more recently made it more difficult to respond to PD enquiries without going to the ‘expense’ of making a site visit. Should further relaxations to the PD Regulations add to their complexity then a similar result is possible.

The introduction of extended PDR has the potential to reduce the workload of LPAs in relation to minor developments and in doing so allow limited resources to be focused on more complex development proposals, but this may be offset by increase in workload in other areas. For example, a few LPAs have reported to us that as a result of broadening PDR they have experienced an increase in the submission of applications for CLUDs (Certificates of Lawful Use) which generates additional enquiries, officer site visits etc. There is also the important consideration that less applications in the system will generate less income.

It should however be recognised that any intention to introduce additional “prior notification” requirements as an alternative to full planning permission would significantly reduce the benefits of extended PDR as LPAs would still require resourcing and undertake this workload with lower fee income likely to be associated with the PN process as opposed to PP. It is agreed that the extension of PDR has the potential to impact upon conservation areas, and rural areas, and this is already being experienced through changes to PDR on telecommunications masts.

### **2. What impact will the proposals for improving DM have on LPAs? – increasing PAC, closer management of duration of PPIP/AMSC, and S42. Do you expect an overall decrease or increase in work and any net change to the work that can be charged for?**

An enhanced role for SPZs (to be renamed SDZs- Simplified Development Zones) will have implications for DM in terms of engaging with the process and the potential loss of fees. There will inevitably be a range in the costs to be incurred by LPAs in setting up a new SDZ as sites will range in size and complexity. It is difficult to predict in advance the likely rate of take up by LPAs although the procedure will be a simplified version of the current arrangements. The previous take up rates have been disappointing as only 6 SPZs have been designated in Scotland, and of these, only 2 have been adopted.

Additional costs are likely to be generated as there will be more front-loaded public and community engagement and Pre-Determination Hearings will be required. There will be a loss of planning fee income but this may be offset by the introduction of discretionary charging to recover the costs for the preparation of the SDZ scheme. The actual costs of the community engagement process will depend on the method of engagement chosen but current best estimates range from £10k to £40K.

There are aspects of the new SDZ approach which will deliver savings and /or benefits to Councils. These include administrative savings, simplification of existing processes, removal of elements which do not add value. Other related measures in the planning Bill, such as the 10-year LDP cycle and removal of PLIs for SDZs could also offer savings by freeing up staff time and resources.

There are also potential tangential increases in income to LAs, for example by increased Building Warrant fees, increases in Council Tax and Business rates, as new development is implemented and the uplift in value for any Council owned land.

A more enhanced role for PAC may generate more engagement from communities which might impact on DM teams.

The opportunity to charge for pre-application discussions will have a potentially positive benefit for Planning Authorities and it is important that this facility is clarified through legislation.

Moray Council has recently considered an SPZ approach on a site that would be a major planning application that is a significant loss in fee income for the Council at £125,000, but the work involved is more than dealing with an application of that scale. HOPS considers that it is critical to find a resolution to the fee issue for the new SDZs if there is to be an increased take up of SDZs across Scotland.

It is suggested that the greatest improvement from the perspective of LPAs would be proposals which seek to streamline the planning process and which allow for the digital transformation of the service. Significant cost savings to the LPA and customers could be derived from amendments to legislation which allow LPAs to make full use of their digital resources for engagement with stakeholders- this would include replacement of public notices in the local press with web publication.

Another cost saving relates to the application validation processes, with a significant percentage of applications still remaining invalid at the time of registration, with the attendant costs associated with follow up discussions, letters and meetings etc. HOPS has finalised a national approach to validation, to be published this month, which will be used by all Scottish LPAs, agents and developers with a view to reducing costs and planning staff time spent on referrals back of incomplete planning applications.

In previous Papers HOPS has also suggested the need to move to a more national approach to other planning matters, such as standard planning conditions, policies and legal agreements to make more efficient use of staff time and save on costs.

A move to a digitally enabled national portal would also generate savings to all LPAs.

3. **How many decisions go to Full Council? If SG remove this statutory requirement will that make a difference in the numbers or will LPAs continue it through their own policies? Is there any financial impact?**

HOPS members confirm that very few planning applications are determined by Full Council although no definitive numbers have been supplied.

That position is unlikely to change in a substantive manner therefore there is unlikely to be any significant additional costs and equally no significant financial benefit.

## **ENFORCEMENT**

1. **Will the changes to enforcement powers (e.g. use of charging orders to reclaim direct action costs) lead to greater use of them? Will there be any net financial impact?**

Charging orders may encourage a more proactive role in terms of direct action. Limited net financial impact – assuming charging orders operate effectively.

Improved ability to reclaim the cost of undertaking enforcement action would potentially lead to greater use of powers as this would reduce the financial risk to the LPA in undertaking action. It does however require to be recognised that the LPA would still require to undertake direct action in the first place. It is noted that there are several existing enforcement powers which are not widely used given either the financial risk to the Council E.g. Stop Notices, or unfamiliarity with their use (Fixed Penalty Notices) which if amended /clarified would offer better scope for increased use of enforcement powers.

HOPS does however consider that some caution requires to be exercised as charging orders may well raise expectations of interventions and place extra demands for actions which may increase workload pressures and also costs if more cases are to be pursued. It is hoped that these costs could be mitigated by opportunities to look at discretionary charging related to enforcement issues and fees for applications arising from enforcement activity.

## **INFRASTRUCTURE**

No specific questions were asked re infrastructure but this is a critical area linked to funding and possible LPA impacts. The final research paper commissioned by SG is still to be made publicly available. The possible intention to seek an infrastructure levy will be an important consideration in assessing the financial impacts of the Planning Bill.

The current proposal is to establish a national infrastructure fund and levy, to be administered by statutory regional partnerships. There is also mention of a more transparent approach to funding infrastructure, which could include new powers for a new local levy to raise additional finance for infrastructure would be fairer and more effective. It is accepted that there are many ways in which a locally coordinated levy could operate and these are still being investigated.

The Government has confirmed that this proposal has the potential to generate significant administrative costs for both the Scottish Government and local authorities, although latest

indications are that these costs have already been factored in to the current research recommendations and also the calculation of the expected levy. It is estimated that a new levy could attract approximately £75m annually in contributions, but this represents only 2% of national infrastructure costs across Scotland, and it may well be that other options require to be considered further.

HOPS is concerned that this area of uncertainty needs urgent clarification so that any adverse financial impacts can be assessed. It is assumed that funding will be available by some mechanism for infrastructure investment but that and the relationship with Section 75 payments and planning obligations needs to be clarified before any definitive comments can be made on the overall financial position.

Moray Council has confirmed to us that developer obligations for Health, Roads and Education, come to £15,000 per house. The viability level for housing in Moray is £6,500 in developer contributions per house. The infrastructure levy is worth £5,000 per house.

A new levy does not necessarily or automatically provide a fairer and transparent system and it is appreciated by HOPS that much more detailed work is still required to reach a decisive conclusion on how infrastructure can be provided on an equitable basis.

An example of this uncertainty relates to the Government change in early years/learning provisions which has national impacts on the provision of education infrastructure.

#### **4.0 CONCLUSIONS**

4.1 The previous 2006 Planning Act saw a significant shift of “savings” from central government reflected in subsequent “costs” to local authorities without any corresponding increase in planning fees, as outlined earlier. This relationship will require to be carefully considered in the Financial Memorandum and a Business and Regulatory Impact Assessment when drafted, and in the subsequent work on increased planning fees.

4.2 It is particularly important to be able to appreciate the extent of any additional costs likely to be placed upon the LPAs by the implementation of the new Planning Bill, at a time of budgetary constraints and reduced staff numbers so that the budgetary impacts can be correctly and proportionately assessed. This is a particularly challenging task currently as the final decisions and related details have not been agreed and finalised, and this work is ongoing.

4.3 In terms of the new provisions set out in Planning Bill and commented on above, there are also other related areas of significant change, relating to leadership, culture change, skills and shared services, performance monitoring for example, which will require funding and resourcing. The real issue will be assessing the totality of the costs and impacts and how these will be funded in a fair and equitable manner, and can be assessed holistically in the comprehensive review of planning fees which is to follow on from the Planning Bill. This is a vital opportunity to identify the full costs to the planning system and work towards a full cost recovery financial model. HOPS will be engaged in that further work with Scottish Government and has previously set out its detailed thinking and key recommendations for generating additional fee income in its earlier Paper, “Planning Fees and Planning Performance”.

4.4 HOPS is keen to work further with SG in assessing the possible cost implications of the Planning Bill and hopes that this initial response is helpful and forms the basis for further discussions. The lack of financial precision at this time is concerning but it is hoped that SG will be in a position to further clarify the key legislative provisions during the next month so that any additional costs on LPAs can be identified fully as possible in the Financial Memorandum.

4.5 HOPS is willing to assist further in inputting to this process before the FM is finalised and accompanies the Planning Bill but recognises that the responsibility for the FM and its contents rests solely with SG.

4.6 HOPS recognises that there are significant opportunities for continued and ongoing collaboration between authorities and the Scottish Government beyond the Planning Bill itself, in order to shape the detail of the secondary legislation and other guidance, and influence the structure and content of NPF and SPP.

4.7 This response has naturally focused on the potential costs and financial impacts of the Planning Bill but HOPS confirms that authorities are ready and willing to positively participate in refining the design of the new system, in co-operation with the Scottish Government agencies and communities and reduce the financial impacts that we can currently anticipate.

4.8 This Paper will be kept under review and updated and adjusted when further details emerge on the 6 identified key areas in the Technical Paper, comprising,

- **New Strategic Planning and Partnership Working arrangements** – The replacement of the current formal, statutory arrangements for SDPs with a more flexible regional partnership model is welcomed but the costs for Councils of this new, cross Scotland approach should not be underestimated or played down.
- **Simplified Preparation of Local Development Plans over 10 years**- The simplistic view is that a more streamlined system over a longer period will result in financial savings. HOPS feels that the costs and resources required in adapting to a new system requiring more effective and wider engagement processes and a new “gatecheck” procedure, should not be underestimated as the whole “end to end” process will require significant project management involvement and more staff time.
- **Introduction of new Local Place Plans**- This is a brand new proposal which all LPAs will require to support in some manner. As it is to be integral to the LDP and LOIP processes there may well be opportunities for cost sharing within Councils but it is considered by HOPS to be an area of crucial work which will require additional resources and time to be incurred by LPAs and there will inevitably be an increase in the costs to LPAs and local Councils.
- **Calculating housing figures**- HOPS fully supports the move towards undisputed housing figures agreed jointly and nationally and this should mean less time spent by LPAs in assessing and disputing housing statistics. How this will be implemented and its impact on possible costs and savings is not able to be accurately assessed at this early stage.
- **A new infrastructure levy** – This new source of funding for local infrastructure has been much anticipated by local authorities and other agencies as the current funding models are not considered to be robust enough or sufficient. There are however, too many

permutations in the options being considered and the relationship to developer contributions associated with planning applications still needs to be reconciled.

- **Development Management Procedures-** There are a variety of procedural and legislative changes proposed which HOPS considers will not impact significantly on any additional costs for Councils. There is the potential that income streams will increase although the totality of the proposed changes is not considered to be substantive.

## **APPENDIX 1- REVIEW OF THE SCOTTISH PLANNING SYSTEM - SCOTTISH GOVERNMENT TECHNICAL PAPER, SEPTEMBER,2017**

### **1. STRATEGIC AND REGIONAL PARTNERSHIP WORKING**

#### RESOURCING AND COSTS

- An expectation that there will be some cost savings for local authorities e.g. If there is no longer a need to contribute to the cost of an Examination for a Strategic Development Plan, or to publish individual documents.
- Additional savings could arise from sharing of skills and expertise, joint commissioning of evidence gathering and access to centrally gathered data and evidence
- Additional costs for the 20 authorities not currently in an SDPA might be expected, but it is envisaged that this would be minor, given that this will build on work to inform priorities and economic strategies and there is already extensive engagement in the preparation of the National Planning Framework

Scotland's cities are expected to continue to be a focus for development pressure and it is suggested that current investment in strategic planning teams is maintained to maximise the potential that regional partnerships could bring to local areas.

### **2. LOCAL DEVELOPMENT PLANS**

#### COSTS

- The move from a 5-year cycle to 10- year plan review cycle and largely monitoring policy from plans will generate savings
- These savings can help to resource other duties and aspects of plan making, such as engaging with communities and supporting regional partnership working
- New provisions such as the ability to update plans between full cycles could also support greater efficiency as planning authorities would no longer have to review a plan, should they wish to make specific amendments

### **3. LOCAL PLACE PLANS**

#### COSTS

- This new provision could generate costs for LPAs, and others.
- Not all communities will come forward with a plan and full LDP area coverage is not expected
- LPPs should be targeted to reflect community and LDP priorities

#### **4. CALCULATING HOUSING FIGURES**

##### **COSTS**

- The Scottish Government recognises that providing greater clarity at a strategic scale is likely to require additional time and resources for the preparation of the NPF, impacting at the national and regional scales.
- Local authorities could however expect significant time and cost savings if this clarity is provided up front e.g. initially in the NPF and subsequently at LDP Examination.
- Existing SDPA authorities could expect to maintain the current savings and benefits if they continue to work in partnership across their region to undertake the work required to define housing figures.
- Areas outwith SDPAs are unlikely to experience much change, other than a significantly simplified method for calculating the amount of housing land required.

#### **5. INFRASTRUCTURE LEVY**

##### **COSTS**

- This proposal has the potential to generate significant administrative costs for both the Scottish Government and local authorities.
- In broad terms, these costs have been factored in to the research recommendations and the calculation of the expected outcome from a levy.

#### **6. DEVELOPMENT MANAGEMENT**

No specific costs were indicated in this section but there are areas of potential income changes, which are highlighted below

- For **SDZs** further details will be set out about the introduction of discretionary charging and scope for developer contributions to be made.
- Enabling LPAs to make charging orders so that LPAs can tie their expenses when taking direct **enforcement action** to the land registers.
- Increase to the maximum fines on conviction for breach of notices and increases to the fees for retrospective planning applications will add to LPA income.
- Extension of **PDR rights** will reduce planning fee income levels.