



THE PLANNING (SCOTLAND) BILL - FINANCIAL MEMORANDUM RESPONSE TO THE FINANCE AND CONSTITUTION COMMITTEE (FACC)

Introduction- Heads of Planning Scotland (HOPS), which is the representative organisation for senior planning officers from Scotland's 32 local planning authorities (PAs), 2 national park authorities and 4 strategic development planning authorities, welcomes this opportunity to provide a formal response to the Financial Memorandum (FM). We would be happy to expand on any points and provide further clarification to the FACC should this be considered necessary.

HOPS were involved in early discussions with the Scottish Government Planning Bill team and submitted a formal paper on the possible financial impacts. This can be found at, <https://hopscotland.files.wordpress.com/2013/02/hops-financial-memorandum-12-10-171.pdf>.

Financial Approach- It is important to be able to appreciate the extent of any additional costs likely to be placed upon the PAs at a time of budgetary constraints and reduced staff numbers so that any 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 goes on beyond the Bill. **It appears to HOPS that the overall financial position is confused. Where savings are assumed in the FM they are taken as cashable savings, where it is apparent that where there are savings identified relating to internal costs within planning authorities, the vast majority of these are productivity savings with no real cash benefit.**

There are other non-Bill 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 fine-tuned 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.**

The lack of details on the key elements in the Bill and the general lack of financial precision on the actual cash costs and cash savings at this time is concerning to HOPS. **This essentially means that the financial data set out in the FM has to be, by definition, based on estimates and "guesstimates"**. It is therefore difficult to provide any definitive agreement or disagreement on the costs and savings outlined.

HOPS has consistently raised the urgent need for a comprehensive review of planning fees and resourcing to obtain full cost recovery for the planning services. The RTPI research paper [Progressing Performance: Investing in Scotland's Planning Service](#) states that nationally the income from planning apps covers 63% of processing apps and only 26% of the full service reinforcing HOPS desire for increased fees. **The Bill proposals make the case for a substantive resourcing review even more fundamental and critical. HOPS notes that the planning fees in England have taken a further increase of 20% recently.**

Development Planning- HOPS welcomes and supports the integration of the National Planning Framework (NPF) with Scottish Planning Policy (SPP), the better integration of the NPF and Local Development Plans (LDPs), the move to a 10-year cycle, and the removal of Supplementary Guidance from LDPs.

This integration, flexibility and simplification should lead to efficiency savings for both central and local government but the LDP savings identified for planning authorities at £21,420,000 - £31,500,000 over 10 years is exceptionally over optimistic, taking into account, for example, the new processes for gateway checks, more effective and early engagement, and the new emphasis on Delivery Programmes rather than Action Plans.

The FM states that **“the total savings identified are expected to be absorbed by the requirements to be made under regulations” (Page 4)**. This proposal to streamline LDP processes was based on the principle that it would free up planners in local authorities to focus on driving delivery of the plan, instead of endless process monitoring and plan writing.

Given that strategic planning is regarded as an essential part of the overall planning system (Policy Memorandum), the replacement of the current formal statutory arrangements for Strategic Development Plans (SDPs) with a more flexible regional partnership model is supported, provided that clarity is brought to the shape and scope of the intended new arrangements. The cost for councils of this new, cross Scotland approach should not be underestimated or played down.

It will be crucial that local Councils continue to ensure that strategic planning is maintained through the interim transition period. This is considered crucial to maximise the potential that the new regional partnerships could bring to local areas and to ensure the continuity of skills, collaboration and data.

For the 12 LPAs not currently in the existing SDPAs additional costs will obviously arise to build on existing working arrangements and relationships, for example, for economic development strategies and engagement in the preparation of the NPF. Additional costs will inevitably be involved if effective regional partnership arrangements are to be put in place.

It is envisaged that there could be additional **productivity** 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 any net savings. Transition arrangements are key as staffing levels have already been reducing in the last few years.

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, their prescribed functions and any statutory powers attributed to them.

Another important aspect to factor in is the more integrated and consultative engagement processes with the development of the NPF and SPP which is likely to require more resources than is currently the case for planning authorities.

The simplistic view taken is that a more streamlined system, managed over a longer time period (10 years rather than the current 5 years) will result in financial savings. HOPS considers that the new procedures (gate checks, reviews, engagement) should not be underestimated as the whole “end to end” process will require significant project management involvement and more staff time. These components need to be included in the financial assumptions made for both cashable and productivity savings.

The initial costs for LPAs will depend 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. **Overall, HOPS believes that there will be a range of hidden costs of skills, re-skilling and retraining relevant to development planning activities at all tiers.**

Local Place Plans (LPPs)-There may be opportunities for cost sharing within Councils but it is considered by HOPS to be a crucial area of new work which will actually require additional resources to be deployed and additional time to be incurred by local councils. There will inevitably be increased costs and resources to be funded.

The costs of LPPs are intended to be funded by the local community but it is likely that the public sector will be asked to provide support in kind through advice, professional skills and possibly accommodation. HOPS believes that there will be direct costs for PAs associated with LPPs, including their assessment for inclusion in the Local Development Plan and assessment per se, although the preparation of an LPP is optional and there are other routes a local community can pursue, including charrettes, using the Place Standard etc.

Simplified Development Zones (SDZs)-The FM estimates costs between £1,000-£2,000 for each authority per year for publishing report on the review process. Although the preparation of an SDZ is optional, costs are estimated in the range of £15,000 to £200,000.

HOPS considers that there are too many unknown factors to be able to easily identify costs at this stage as each authority will have a different approach to SDZs and how they fund them relation to their Local Development Programme and economic and growth strategies. The take up of SDZs is also unknown.

The discretion to charge fees should be revisited to provide a clear charging regime so that PAs are not financially penalised.

Councillor Training- The move to make training for councillors compulsory and subject to testing and assessment is welcomed. Although training is carried out periodically it tends to be sporadic and ad hoc in terms of quality and frequency. Costs are estimated at £3,000 per authority per year and this seems to be set too low if the training is to be comprehensive and robust, unless it is to be provided by the Scottish Government on a centralised basis. Training should also be extended to MSPs.

Enforcement-The increased levels for fines and the new Charging Orders are welcomed but unfortunately due to recent financial challenges many planning authorities do not have the resources to carry out an effective enforcement service as well as monitor all planning conditions. Fees associated with enforcement should be considered and introduced as part of the more comprehensive review of fees by the Scottish Government.

Assessment of planning authorities' performance- This aspect was introduced late in the consultation process and it was not covered off by HOPS in its earlier response to the Planning Bill Team. Planning Performance Frameworks are produced on a voluntary basis presently and the costs are estimated by HOPS to be between £3,000 and £10,000. The move to a statutory process, including the appointment of an Assessor and a Coordinator, will bring more rigour and transparency to the assessment of performance. The main additional costs are to be funded by the Scottish Government and the planning authorities are not likely to see any specific increase in expenditure, unless unsatisfactory performance is identified. The basis of the changes is to be of mutual benefit and additional costs will only be incurred if there is an identified aspect of "unsatisfactory" performance. The costs associated with improvements and complying with recommendations cannot be estimated in advance.

Infrastructure Funding- This new source of funding for local infrastructure provision (an infrastructure levy) has been much anticipated by local councils and the other agencies as the current funding models are not considered to be robust enough or sufficient. There are still permutations and options to be considered in detail, following on from extensive research and comparisons with the Community Infrastructure Levy in England. HOPS considers that the proposed additional quantum, which is estimated to be in the range of £39m- £75m will not be sufficient to provide full funding for the provision of infrastructure.

The relationship between developer contributions negotiated through Section 75 Agreements associated with planning applications also still needs to be fully reconciled. **Local authorities will be responsible for the collection of the levy but all the administrative arrangements are still to be discussed and finalised, and subject to a full assessment of the costs and benefits. A key challenge is the upfront funding of new strategic infrastructure, particularly new schools and strategic transport links. National funding is required to assist in delivering such infrastructure to increase the deliverability of new houses, including affordable housing programmes.**

The FM concludes that as the income from the levy will be payable to the local authority to cover infrastructure projects or administration of the levy then the provisions are effectively cost-neutral to local authorities. **HOPS believes that there will be additional costs in terms of negotiations, assessments, legal procedures etc. which will incur cost which may not be absorbed by the levy income.**

[HOPS response to the FACC Questionnaire](#)

Consultation

1. **Did you take part in any consultation exercise preceding the Bill and, if so, did you comment on the financial assumptions made?** Yes. HOPS played a full part in the various consultation exercises and workshops. HOPS also submitted requested papers to the Scottish Government which contained specific conclusions and recommendations relating to financial aspects and assumptions.

HOPS were also involved in discussions with the Scottish Government's Planning Bill Team prior to the publication of the Financial Memorandum and submitted a formal response for consideration. (The web link can be found in the Introduction).

2. **If applicable, do you believe your comments on the financial assumptions have been accurately reflected in the FM?** Most of the HOPS comments have been taken account of and reflected in the FM but because there was a lack of precision and detail in some of the elements being proposed for the Planning Bill it was not possible to be precise about the actual costs and savings and estimates/guesstimates had to be submitted.

We believe that this is still the case after the Planning Bill has been formally published and the FM cannot realistically predict the actual costs impacts on local councils due to these gaps and areas of uncertainty.

3. **Did you have sufficient time to contribute to the consultation exercise?** Yes. Sufficient time was available for all the consultation and briefing sessions and comments to be submitted but right from the start HOPS emphasised the need for clarity on the timetable for reform, the transition arrangements to be introduced and details on the costs and savings. These have been clarified to some extent at the final stages but it has not allowed sufficient time for forward planning and budgeting even allowing for the implementation dates around 2019/2020 for the main changes.

Costs

4. **If the Bill has any financial implications for your organisation, do you believe that they have been accurately reflected in the FM? If not, please provide details.** The Planning Bill has significant financial implications for all planning authorities in Scotland as outlined earlier. HOPS considers that the savings being attributed to the planning authorities are optimistic and perhaps premature without having the detailed implementation regulations agreed and available.

The savings for the new style Local Development Plans is a particular example amounting to £21.42m-£31.5m, although the FM does indicate that this is "**expected to be absorbed by the requirements to be made under regulations**".

HOPS is concerned about the “mix and match” approach to costs and savings, signified by the real differences between cash savings and productivity savings highlighted earlier.

The lack of detail in the Bill, the flexibility being adopted in key areas and the cluttered combination of cash savings and productivity savings means that true financial predictions are not available at the present time. HOPS is concerned that the approach set out in the FM is taking the focus away from the Government aim of delivering an improved planning system.

5. Do you consider that the estimated costs and savings set out in the FM are reasonable and accurate? No. HOPS thinks that it is too early and premature to conclude that the detailed costs and estimates in the FM are reasonable and accurate, as expressed within this overall response. Due to the limitations at this stage relating to lack of detail and the timing of actual implementation for the proposed changes the estimated costs and savings need to be considered with caution and will require ongoing monitoring and feedback as measures are actually implemented. This will be particularly crucial data and information to be able to feed in to the forthcoming review of planning fees and resources which will need to be based on the new planning system as implemented.

6. If applicable, are you content that your organisation can meet any financial costs that it might incur as a result of the Bill? If not, how do you think these costs should be met? Again, HOPS does not believe that this can be responded to with any degree of accuracy due to the incomplete information in the Bill and the time lags to full implementation. If the ultimate objective of the Scottish Government is to make the costs of running the planning service in Scotland sustainable and funded on a cost recovery model HOPS considers that the current funding arrangements are not adequate and the new additions to the planning system set out in the Bill exacerbate that position. A comprehensive and holistic view of actual planning costs and resources will be required to be carried out, building on all the previous research publications over the last 10 years, and previous and ongoing work by HOPS surveys of actual planning costs.

7. Does the FM accurately reflect the margins of uncertainty associated with the Bill’s estimated costs and with the timescales over which they would be expected to arise? The FM has set out clearly the margins of uncertainty and the treatment of timescales appears to be realistic. The costs and savings have been set out over a 10 - year period with an acknowledgment that the costs will arise mainly from 2020-2021. The variables in all this will depend on the actual detailed regulations to follow on from the Bill/Act and the date they are effective from.

Wider Issues

8. Do you believe that the FM reasonably captures any costs associated with the Bill? If not, which other costs might be incurred and by whom? 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 to the agencies charged with their delivery. 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. The change from Action Plans to Delivery Programmes will also require additional resources and developing skills.

9. Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation? If so, is it possible to quantify these costs? Yes, there will be additional costs which we cannot estimate at this stage. e.g. There 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 at an early stage. 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 new ways. 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. Councils will need to 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 communities and it must be resourced accordingly by the careful and considered integration of spatial planning and community planning in relation to Locality Plans, Local Outcome Improvement Plans, Local Action Plans etc. There will be costs associated with considering and implementing the changes arising from the Bill and Secondary legislation.

Summary Comments

Attempting to capture the possible costs and savings of the Planning Bill in advance of the requisite detail on full implementation, final agreement on the possible options being considered, and the precise timing and take up of the proposals is impossible. Nevertheless, the FM does provide a reasonable response with the appropriate caveats and limitations.

The confirmed parameters for the FM are restrictive and therefore limit the scope for accuracy and certainty - more detail to follow in regulations, uncertainty and unpredictability of the rate of take up of the new measures, particularly Local Place Plans and Simplified Development Zones.

The assumptions made on costs and savings are best guesstimates based on predicting the future over 10 years and therefore they are very limited in their authenticity and scope.

HOPS is unsure about a lot of the assumptions made on possible savings because we just do not have the requisite level of detail for the replacement processes and therefore the new or continuous costs involved, e.g. the removal of statutory supplementary planning guidance does not mean that similar planning guidance will not be prepared by LPAs.

The Planning Bill is only the first part of the wider programme of review and change and it is therefore not possible at this stage to assess the wider impacts of the overall planning reforms which restricts detailed commentary in this response to the changes outlined in principle.

HOPS is also concerned that many of the financial savings set out in the FM are not expressed in net costs.

HOPS does not consider that the future costs associated with secondary legislation and details to follow can be estimated or quantified at this time, but we are happy to continue to work with the Scottish Government to help inform and further improve the accuracy of the financial assumptions made at this stage once more details are clarified.

In any event, we anticipate that more work will be required to further refine the financial implications as the Bill proposals become clearer, as secondary legislation is developed, and as proposed measures are actually taken up and implemented.

HOPS considers that although the Bill proposals may lead to some savings, this does not necessarily mean that the planning system or PAs will see significant cash savings. This is due to the reinvesting of any “saved” financial and staff resources in a move away from process towards “a focus on delivering development and high-quality places” as identified by the Scottish Government. Reinvestment and new investment will be required in areas such as digital technology, performance enhancements, partnership working and more effective community engagement.

HOPS is happy for this response to be placed in the public domain.

**HEADS OF PLANNING SCOTLAND FINAL APPROVED RESPONSE TO THE
FINANCIAL MEMORANDUM**

25th January,2018.