European and External Relations Committee

The EU referendum and its implications for Scotland

Written submission from The Royal Town Planning Institute

General Observations

The Royal Town Planning Institute took a neutral view on the referendum on the UK’s membership of the EU. Prior to the referendum we said we will work to make the planning systems across the UK work to best effect, whatever the constitutional arrangements. This remains the case.

The outcome of the referendum on the UK’s membership of the EU highlighted deep socioeconomic divisions not only between its four constituent nations, but on a range of geographical lines. Reflection since has revealed deep disquiet about growing inequality, as the UK’s pre-crash economic growth and subsequent signs of recovery failed to benefit many communities. Equally, the institutional uncertainty that has resulted from the referendum outcome has impacted on the confidence of many businesses operating or based in the UK with regards to the future strength of the economy. In the context of such uncertainty, a well functioning planning system could offer the stability and coordination that many businesses and communities seek.

Recent research by the RTPI, *The Value of Planning*, has highlighted how a well functioning planning service can deliver positive economic, environmental and social outcomes:

‘Planning can improve the quantity and quality of land for development, ready land for construction (for example, by treating contaminated land), resolve ownership constraints (where there are many different owners), and bring forward investment by ensuring that the right infrastructure (such as transport and public amenities) are in place. In these and other ways, planning can lower the cost of new development, and open up new opportunities for development’ [http://www.rtpi.org.uk/valueofplanning](http://www.rtpi.org.uk/valueofplanning)

In the context of the uncertainty that the UK’s expected withdrawal from the EU has created, planning therefore offers an opportunity for decisive action that responds to a whole range of national challenges, from climate change to the housing crisis.

Implications for Planning of the UK’s withdrawal from the EU

The principles and original legal basis of the Scottish Town and Country Planning system pre-date the UK’s membership of the EU. Even so, the prospect of a UK withdrawal from the EU could have profound implications for planning and development. However, the RTPI and its members will work to ensure that whatever the legal and policy outcomes of the exit negotiations, the planning and delivery of new homes and infrastructure will continue for the public benefit.
Planning is a devolved matter, meaning that the Scottish Government has considerable scope to shape how it will work whether Scotland is a member of the EU or not.

There are five main direct areas of influence of the EU with regard to Town and Country Planning in Scotland:

- Environmental protection Directives impact where and how development is able to happen
- Grant and loan funding make possible infrastructure and place-making projects. European Structure and Investment Funds have been used for rural and urban regeneration projects across the country. Meanwhile, lending by the European Investment Bank has enabled many large infrastructure projects
- Economic confidence allows private investment in and commitment to medium and long term development plans
- Funding and collaboration have nurtured research excellence, including in accredited planning schools
- Freedom of movement has allowed UK nationals to work using their skills in other parts of the EU and vice versa

More information about each of these issues is outlined below.

**Environmental law**

A major concern about the UK’s withdrawal from the EU has clearly been the regulatory vacuum that could emerge due to the EU’s influence over a 40 year period on many aspects of UK and Scots law. One of the key areas of influence is environmental law, which has wide ranging impacts on planning for development in Scotland. Attached to this submission is a copy of a *Scottish Planning and Environmental Law* Journal article on the implications of a UK withdrawal from the EU. This article provides a useful summary of the various scenarios that could emerge in Scotland depending on how the withdrawal process happens, and what the end goal of withdrawal is.

If the terms of the UK’s withdrawal from the EU mean that environmental Directives no longer apply here, the Scottish Government will be obliged to consider how they should be replaced. This process should be thorough, evidence-based, and directed towards achieving the Government’s sustainable development commitments. RTPI Scotland would urge the Scottish Government not to treat the replacement of these regulations as a ‘race to the bottom’, but an opportunity to shape environmental legislation that is as effective as possible in mitigating against environmental degradation in Scotland, and environmental damage globally.
Grant and loan funding - European Structural and Investment Funds and the European Investment Bank

ESIF funding has undoubtedly made a significant contribution to Scottish development and regeneration programmes, primarily through the Rural Development Fund and European Regional Development Fund streams. This funding has enabled a wide range of initiatives and projects, especially enterprise and innovation developments that in many cases have provided an economic anchor for wider place-making plans.

Some of our members working in rural communities have confirmed that those communities dependent on LEADER funding for rural development programmes face inertia about whether to plan for the future of these projects beyond the current funding cycle (2014 – 2020).

Assuming that the UK withdraws from the EU and therefore loses funding through the ESIF, RTPI Scotland would call upon the Scottish Government to ensure that funding for regeneration, development and place-making that narrows inequalities remains a national priority.

The European Investment Bank (EIB) is able to use the combined weight of its constituent members to lever loans on favourable terms. Scotland has benefitted from over £3bn of loans in the last decade, and these have helped to bring to realisation infrastructure projects including transport improvements, new hospitals, and energy development. The UK no longer being a shareholder in the EIB could have a serious impact on its ability to secure financing for major infrastructure projects. Given the already large scale of the infrastructure challenge in Scotland, the Scottish Government will need to consider how it can continue to invest in infrastructure without backing from the EIB.

Investment confidence

Future development and investment in infrastructure are vital to deliver successful place making across Scotland. As well as the prospect of the cessation of ESIF funding and EIB lending, reduced economic confidence across the UK as a result of the EU referendum result is likely to impact private sector decisions on whether to invest or not in long term infrastructure and housing developments. While such decisions on the part of investors are often confidential for commercial reasons, anecdotal evidence from our members suggests a change in the operating environment. In particular, that investment decisions are being revisited and suspended as a result of falling confidence.

Research Excellence

Research excellence supported by collaboration and funding within the EU, especially within accredited planning schools, makes an important contribution to successful place making in Scotland. Those members for whom this funding is relevant have confirmed that plans to apply for further funding rounds have been suspended, due to uncertainty about whether the final few years of monies in the event of a successful bid would not be received, once the UK has left the EU.
Freedom of movement of EU citizens

The RTPI has 2110 members with a registered address in Scotland. We do not know the nationality of all of these members, but those for whom we do represent a significant sample of the total. 20% of this sample consists of non-British EU citizens. The remainder of the sample breaks down as 62% British and 18% other non-EU nationality.

Possible changes to the free movement of EU citizens in the UK could therefore have serious implications for the much in demand supply of place making and planning skills in Scotland. Likewise, changes to the UK’s membership of the EU could undermine the system of mutual recognition of planning qualifications that is currently in place across national borders. This would clearly add a further layer of complication for Scottish planners wishing to work in the EU, or EU planners wanting to come and work in Scotland.