Persimmon Homes Limited (PHL) welcome the opportunity to contribute to the Finance and Constitution Committee's consideration of the Planning (Scotland) Bill.

PHL is a frequent user of the Scottish planning system having built 10% of all new homes in Scotland during 2016. During 2017 PHL built 1,689 new homes in Scotland and it is likely that once the national figures are available PHL will, again, be recognised as a key user of the planning system and deliverer of housing in Scotland.

In responding to the following questions we wish to highlight that PHL’s priority when commenting on the review of the planning system is to achieve a self-sustaining planning function that allows developers to deliver.

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, within our submissions we queried the ability of Council’s to adequately resource their services to deliver undefined regional partnerships (replacing Strategic Development Plans) and undertake technical assessments relating to carbon reduction (this is covered by Building Control). Conversely, we welcomed proposals to remove some permitted development rights to reduce planning officers workload and allow them to potentially process other planning applications quicker.

2. If applicable, do you believe your comments on the financial assumptions have been accurately reflected in the FM?
   Not at this stage. The scope changes to the planning system and resultant financial savings, or costs, will be influenced by secondary legislation.

3. Did you have sufficient time to contribute to the consultation exercise?
   Yes.

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 introduction of an infrastructure funding mechanism will have unknown financial implications for developers. Further research is required to understand how this could work and how it relates to the existing mechanisms for achieving planning gain/infrastructure contributions.

   It is unclear, at this stage, what the potential increase in fees for submitting an application, appealing a decision or pre-application advice may be. Secondary legislation will determine this and also clarify if the fees are set nationally or vary locally. Where they exist pre-application fees vary locally at present.

   The Bill does not include details on how the Development Management function will be improved. Whilst the cost of submitting an application, or preparing supporting
documents and plans can be quantified the cost associated with delays in determining applications can be considerable. Further delay is often experienced gaining approval of conditions and agreeing S75 legal agreements, neither of which are subject of performance monitoring. Whilst delay can be partially down to Planning Departments being under resourced they often rely on internal and external consultees who are also under resourced and when they do comment raise points late in the process.

5. Do you consider that the estimated costs and savings set out in the FM are reasonable and accurate?

At the Strategic Development Plan (SDP) level it is our understanding that the most contentious element was setting the number of new homes to be built within an area. On this basis some of the costs saved made by removing the SDP may be passed to the Scottish Administration at the National Planning Framework stage when setting housing numbers. Planning authorities may also decide the challenge the figures for their area and will incur costs for doing so. Councils are also likely to incur costs setting up new regional partnerships, assisting communities in preparing Local Place Plans and driving delivery generally.

Each Council will understand what potential savings they may make through the Planning Bill. It is important however that all costs are factored in to ensure that the true cost, or saving, of each change is realised and resources directed accordingly.

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?

No, the unknown cost of the proposed infrastructure levy combined with often unknown developer contributions through Section 75, or similar, agreements will affect developer confidence. The level of a proposed infrastructure levy may affect the development viability of a site. If this is the case we would not develop the site. Should an infrastructure levy be advanced the cost for this should be set to allow developers the opportunity to factor this into their development viability at the outset.

As an alternative to the infrastructure levy infrastructure projects should be funded through prudential borrowing set against forecast council tax receipts and/or taxes. Council tax may have to increase to assist in funding infrastructure. This could be used, if both relevant and reasonable, alongside developer contributions for mitigation in the immediate vicinity of the development.

Innovative funding models, such as Tax Incremental Funding, or more recently City Deal, will continue to deliver some infrastructure. Other proposals, such as a modest ‘tourist tax’, could deliver substantial income across the country that could be spent enhancing infrastructure and tourism in the areas that it is generated. Such taxes are in place across Europe and present an opportunity as tourism continues to be a growth industry in Scotland. Visit Scotland figures have identified that in 2016 there were over 60 million overnight stays in Scotland. Even if a modest charge of £1 per stay at a location, rather than per night, was levied a substantial income could be generated annually.
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 illustrative cost of £350m-£750m to developers on the introduction of an infrastructure levy demonstrates that it is difficult to estimate the cost/benefit of such a mechanism. Similar provisions in England have not resulted in the forecast level of infrastructure funding and there is concern that an additional levy will affect development viability, especially when development costs are increasing generally. Adding further financial burdens to sites may result in some sites being unviable and potentially blighted in the longer term.

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?

As noted above no significant changes to the development management function are proposed and unless Council’s are adequately resourced there will continue to be delay in obtaining planning consents and ultimately delivering development across Scotland.

Further changes to permitted development rights may result in savings for Councils. Previous research identified that the time spent determining householder and non-major planning applications is disproportionate and costs Councils more to process than major applications. The fee for smaller applications should either be increased to address this shortfall or permitted development rights increased to remove minor proposals from case officer workloads.

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?

The publication of secondary legislation will allow all stakeholders to gain a better understanding of the actual cost of implementing the provisions of the Planning Bill and associated savings. There is however no guarantee that any overall cost savings will be directed towards under resourced planning functions. Funding should be directed towards frontline planning services and not ancillary activities, such as financial support for the production of Local Place Plans.

It is our understanding that there is no requirement to ‘ring fence’ income from planning fees (which were increased in 2017) to support the planning function therefore there is no certainty that the performance of planning departments will improve. Unless Planning Departments are given adequate resources to fulfil their function the proposed changes within the Planning Bill are unlikely to deliver the improvements envisaged.

References