Finance and Constitution Committee Questionnaire

This questionnaire is being sent to those organisations that have an interest in, or which may be affected by, the Planning (Scotland) Bill — Financial Memorandum (FM).

In addition to the questions below, please add any other comments you may have which would assist the Committee’s scrutiny of the FM.

Consultation

1. Did you take part in any consultation exercise preceding the Bill and, if so, did you comment on the financial assumptions made?

Comments were submitted on behalf of the Walker Group.

2. If applicable, do you believe your comments on the financial assumptions have been accurately reflected in the FM?

No.

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 FM suggests that aside from the cost arising directly from any financial levy, there will be no additional costs to developers as a result of the proposed changes in the Bill. The Walker Group do not consider that this is a likely conclusion. Even with a move to 10 yr LDP’s and agreement on housing land supply at national level, our recent experience with some planning authorities, taking a lead from the now withdrawn Draft Planning Delivery Advice on Housing and Infrastructure, have sought Transport Statements, Environmental Statements, Flooding, Water Supply, Surface Water and Sewerage Infrastructure statements, Air Quality and indicative layouts before they would even consider a site, which they identified in their MIR, for inclusion in the forthcoming LDP. If, going forward, planning authorities adopt this approach to development planning the cost of participation in the LDP process will increase significantly. It is not accepted that the cost of participation in the LDP process is discretionary if planning authorities are unwilling to consider potential development sites without the submission of the information listed above. This is not reflected in the FM.

Furthermore the Financial Memorandum makes no mention of the additional PAC requirements associated with the submission of major planning applications, there is no question that this will be an additional cost to development proposals.
5. Do you consider that the estimated costs and savings set out in the FM are reasonable and accurate?

The Walker Group has no evidence to assess the figures attributed to the Administration, Planning Authorities of Communities. With regards the estimated costs to developers, we do not consider that the FM is reasonable or accurate as it omits mention of frontloading of information for LDP’s and additional PAC requirements.

The issue of cost to development from poor performance from planning authorities is not addressed at all in the FM. The mantra of moving to a position of “full cost recovery” ignores the absence of any examination of the actual costs or the efficiency of the service and can only have negative financial impacts on the development of housing. Indeed, despite fee increases over the past 5 yrs, the decision making times for major residential applications (which are far fewer than previous years) has increased.

The decline in the number of determinations from over 56,500 in 2006-07 to over 41,500 in 2010-11 to around 27,250 (less than half of the 2006-07 total and about two-thirds of the 2010-11 total) in 2016-17 suggests a significant fall in development management productivity which in turn has a significant negative financial impact on the development industry. Studies by HOPS and the RTPI fail to consider the issue of productivity and focus on the actual costs versus the planning fee income with no assessment of efficiency.

Expanding the range of activities for which fees may be charged will undoubtedly have a cost implication for developers, yet this is not acknowledged in the FM. Given constraints on hypothecation within local authorities, it is naïve of the FM to consider that simply increasing planning fees will produce a better resourced planning system. Indeed, local authorities are currently debating their budget responsibilities and in cases which can be evidenced are considering cutting planning officer posts at a time when they will benefit from increased fee income from future planning applications. The proposed cuts clearly acknowledge that planning performance will be impacted upon as will the planning authorities ability to engage in pre-application discussions. So much for front loading the system.

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?

The additional costs to developers cannot simply be absorbed by the developers themselves. Additional costs arising from the Bill proposals will be a direct cost to the development of residential land. Such costs can only be reconciled by reducing the residual land value or through increased house prices.

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 fails to understand and acknowledge the cost implications for developers.
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?

We have set out above areas where additional costs will be incurred by developers and in particular where costs arising from increased planning fees are not reciprocated by a better resourced and performing planning system.

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?

It is difficult to speculate on costs associated with subordinate legislation yet to be published. However, recent work by HOPS on Validation of Planning Applications suggests that developers will be required to submit significant information up front which although no necessarily resulting in an overall increase in costs, does require up front investment in a planning application without the comfort of a planning consent subject yo conditions.