LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

AGENDA

25th Meeting, 2019 (Session 5)

Wednesday 9 October 2019

The Committee will meet at 9.45 am in the James Clerk Maxwell Room (CR4).

1. **Decision on taking business in private**: The Committee will decide whether to take items 4 and 5 in private, and will also decide whether to take in private future consideration of all draft reports on its inquiry into Empty Homes in Scotland and of its recommendations to the Scottish Government on the 2020-21 Scottish Budget.

2. **Budget Scrutiny 2020-21**: The Committee will take evidence from—

   Fionna Kell, Director of Policy, Homes for Scotland;

   Callum Chomczuk, National Director, Chartered Institute of Housing Scotland;

   Craig McLaren, Director, RTPI Scotland;

   Gordon MacRae, Head of Communications & Policy, Shelter Scotland;

   and then from—

   Prof Kenneth Gibb, University of Glasgow;

   Prof James Mitchell, University of Edinburgh.

3. **Subordinate legislation**: The Committee will consider the following negative instruments—


4. **Budget Scrutiny 2020-21**: The Committee will consider the evidence heard earlier in the meeting.
5. **Work programme:** The Committee will consider its work programme.

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The papers for this meeting are as follows—

**Agenda Item 2**

Note by the Clerk

PRIVATE PAPER

LGC/S5/19/25/1

LGC/S5/19/25/2 (P)

**Agenda Item 3**

Note by the Clerk

LGC/S5/19/25/3

**Agenda Item 5**

PRIVATE PAPER

LGC/S5/19/25/4 (P)
Introduction

1. The Committee agreed in June 2019 that the over-arching theme of its pre-budgetary scrutiny this year would be long-term financial sustainability of local government in the face of growing demands on councils. A call for evidence was issued on 2 July 2019 and written submissions can be found here. Alongside this over-arching priority, the Committee has also agreed to keep a watching brief on integration joint boards’ performance in relation to housing adaptations, which has been a focus of its scrutiny in previous years. Housing is within the Committee’s brief and accordingly it decided to hold a housing panel.

Background

2. Local authorities deliver a range of services, some of which are set by statute or by arrangements with the Scottish Government and others at their own discretion depending on what local needs there are and what resources are available. Since the 2009 financial crisis, the total resources available to local authorities to deliver services have fallen in real terms and they have had to make savings.

3. At the same time the number of responsibilities placed on councils has increased and they are being asked to “do more with less”. Wider demographic changes, for instance, an increase in the number of older people and population shifts, with some communities expanding and others contracting present both risks and opportunities. Councils also have to contend with the uncertain impact of Brexit on local communities and local economies.

4. The Committee is seeking to assess the long-term financial health of local authorities within this challenging context and find out whether they are well placed to continue to provide good local services into the next decade. This scrutiny will feed into recommendations the Committee will make later this year as the Scottish Government finalises its 2020-2021 budget plans.

Previous related work

5. Following a review of the budget scrutiny process, led by the Finance and Constitution Committee and Audit Scotland earlier in the Session, Committees are encouraged to take an all-year round approach to pre-budget scrutiny, drawing on issues and themes raised in its ongoing scrutiny of issues within their remit. Prior to agreeing its over-arching theme and issuing its call for views, the Committee held two such sessions which informed its focus. It held a one off session on 20 February 2019 on staff absenteeism at local authorities. Following the evidence session, the Committee wrote to Glasgow City Council. COSLA, SOLACE Scotland, and the Improvement Service on issues which arose during the meeting.

6. On 8 May 2019 it held its annual evidence session with The Accounts Commission on its Local Government in Scotland: Challenges and Performance 2019 publication. This led to the Committee writing to COSLA about issues which were raised during the meeting. Correspondence and responses can be found on the Committee’s inquiry webpage.
Evidence sessions

7. On 25 September 2019, the Committee heard from representatives from The Accounts Commission, CIPFA Directors of Finance, COSLA and SOLACE. The session focused on exploring local authority finances, current practices for medium and long-term planning and approaches to enhanced financial sustainability which local authorities are using and which they have found to be effective. A link to the Committee’s meeting papers can be found [here](#).

8. On 2 October 2019, the Committee heard evidence from representatives from The Scottish Council for Voluntary Organisations; UNISON Scotland and The Robertson Trust. The session looked at some of the services local authorities deliver, changes to services and funding and the ways in which external partners can support transformational services. A link to the Committee’s meeting papers can be found [here](#).

9. In today’s session, the Committee will hear evidence from two panels of witnesses. The first panel comprises housing related organisations:

- **Fionna Kell**, Director of Policy, Homes for Scotland
- **Callum Chomczuk**, National Director, Chartered Institute of Housing Scotland
- **Craig McLaren**, Director of Scotland and Ireland, Royal Town Planning Institute
- **Gordon Macrae**, Head of Communications and Policy, Shelter Scotland

There were a number of issues identified by organisations working within the Housing Sector and these included challenges arising from cuts to skills and resources including reductions in staffing numbers, reduced funding from Scottish Government to local authorities and lack of funding certainty, housing delivery in local areas and housing shortages. Concerns were also raised about whether local authorities had sufficient powers to make improvements. The Committee are also interested in exploring preventative spending initiatives and transformation programmes.

The second panel comprises:

- **Professor Kenneth Gibb**, University of Glasgow
- **Professor James Mitchell**, University of Edinburgh

The aim of this session will be to explore alternative models and transformational change to local government including further empowerment, greater use of joint and shared services, multi-year funding agreements linking to spending review periods and potential reforms of council tax and NDR.

10. Written submissions from Homes for Scotland, Chartered Institute of Housing Scotland, Royal Town Planning Institute, Shelter Scotland and Professor Gibb and Professor Mitchell can be found at Annexe A.

Next steps

11. Following the evidence session there will be an opportunity for the Committee to discuss the evidence it has heard in private and agree next steps, if any. The information gathered at the evidence sessions will form part of a body of evidence that will inform a letter to the Scottish Government near the end of this calendar year. This will set out the Committee’s main conclusions and recommendations on the 2020-2021 budget on matters relevant to the Committee’s remit.
Submission from Homes for Scotland

1. Introduction

1.1. Homes for Scotland (HFS), the major representative body of the home building industry in Scotland welcomes the opportunity to respond to the Local Government & Communities Committee on the long-term financial sustainability of local government. As our organisation is centred on the core objective of delivering more homes for Scotland, we are responding to the call for evidence purely on the basis of how the resourcing of local authorities across Scotland directly impacts on the ability of our some 200 members (responsible for approximately 95% all new homes for sales each year in Scotland as well as a large proportion of affordable housing) to deliver the new homes Scotland desperately needs.

1.2. The role of local government is crucial to the delivery of new housing, including the associated infrastructure such as roads, schools and health facilities through the services provided by their building standards and planning, housing, education and leisure departments.

1.3. Over the last decade Scotland has amassed a housing shortfall of 80,000 homes, and subsequently we need to deliver at least 25,000 new homes a year to meet demand. Key to the industry’s ability to increase output is the ability of local authorities to work efficiently with developers throughout the statutory consents process. To do this, local authorities must be adequately financially resourced.

2. Skills and Resourcing

2.1. Local authorities must ensure they have the leadership, staff capacity and skills to deliver statutory services efficiently and this therefore requires effective workforce planning. The delivery of new housing is dependent on the permissions and authorisations provided by statutory agencies such as local authority planning and building standards departments.

2.2. However, over a quarter of planning department staff have been cut since 2009 as a result of budget cuts. A comparison between the Planning Workforce Survey 2010 and the Planning Performance Frameworks for 2017/2018 highlights that there has been a 25.7% loss of staff in planning departments since 2009.

2.3. Further compounding this is the limited pipeline of new planners coming into the system. The average number of graduate planners going through RTPI accredited courses each year in Scotland is approximately 100, with not all of these being retained in Scotland. In addition, data from planning authorities Planning Performance Frameworks indicate that approximately 9% of staff in planning authorities are under 30, whilst over 35% are over 50 years. 2.4. Findings from the recent ‘New Housing & Future Construction Skills’ report from the Scottish Government short life working group found that:

− Both Heads of Planning (HOPs) and Local Authority Building Standards Scotland (LABSS) expressed concern over pressures on current staffing levels and the impact future regulatory changes will have on work capacity.
A recent survey carried by LABSS found that 81% of local authorities stated that building standards teams have reduced in FTE numbers with the potential loss of a further 25% of the workforce through retirement within the next 5 years.

3. **Finance**

3.1. Scottish Government funding has remained relatively stable over 2018-19 and 2019-20; however, since 2013-14 funding has reduced in real terms by 6%.

3.2. At present funding for planning and building standards departments is devolved to local authorities to allocate. Local authorities may need to use their funding for other key areas and this negatively impacts the resourcing and skills capacity of planning and building standards departments.

3.3. The Figures from Scottish Local Government Provisional Outturn and Budget Estimate for 2018 show that only 0.38% of total revenue budgets in local authorities were spent on development management and development planning, down from 0.63% in 2015. Indeed, this reflects an overall downwards trend in planning budgets; when comparing Scottish Local Government Financial Statistics 2009/10 and 2016/17, show planning authorities’ budgets decreasing in real terms by 40.8% since 2009.

3.4. Given the significance of increasing housing delivery, health and safety factors for building occupants and the number of new regulations and future construction technologies which will require to be inspected, some form of ring fencing or additional funding should be provided for the relevant departments.

3.5. In addition, local authorities have direct responsibility for the provision of new affordable housing either directly or via grant to housing associations. It is therefore essential that local authorities are adequately resourced in both short and longer term to continue to provide and manage social housing.

4. **Benefits of increasing housing delivery at local authority level**

4.1. Whilst the need for new homes is recognised by the Scottish Government, culture, perception and practice are all issues at the local level that have a great bearing on the industry’s ability to deliver the new homes that people across Scotland genuinely need – and aspire to. Local authorities must champion the need for more new homes in their areas and recognise that suppressing the supply of new homes causes more problems than it solves.

4.2. The long-term economic benefits that housing delivery creates at local authority level should not be ignored. Independent analysis carried out by Nathaniel Lichfield & Partners in 2015 found that residents of the 15,562 homes built across Scotland in 2014 alone contributed just over £15.4m of Council Tax receipts. However, if we were able to increase housing supply to deliver 25,000 homes per annum, it is estimated that this would generate

- £24.7m in Council Tax receipts
- 1,560 new affordable homes
- £75.2m in Section 75 housing contributions
- £31m in other community facilities through S75 contributions.

**Homes for Scotland**

22 August 2019
The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple – to provide housing professionals with the advice, support and knowledge they need to be brilliant. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse membership of people who work in both the public and private sectors, in 20 countries on five continents across the world including over 2,000 in Scotland.

Further information is available at: [www.cih.org](http://www.cih.org)

1. General comments

1.1 CIH Scotland welcomes the opportunity to contribute to the Committee’s pre-budget consultation on the long-term financial sustainability of local government. As the professional body for housing, our response will focus on the need for funding certainty to support the delivery of new homes, homelessness services and other services that are vital to supporting people to live well and independently. However, the financial health and sustainability of local authorities across all departments is essential to ensuring that vital services can be maintained.

1.2 In summary, to support the long-term financial sustainability of local government, we recommend:

- Longer term budgets for the delivery of affordable housing beyond five-year parliamentary cycles;
- Revision of the affordable housing subsidy benchmark rates;
- Consideration of changes to local taxation; and
- Continued focus on preventative spend and better partnership working between housing, health and social care partners.

2. Contribution of local authorities to the housing sector

Affordable housing delivery

2.1 The continued delivery of affordable homes and sustainable communities is fundamental to achieving all of the Scottish Government’s National Outcomes and to creating a Fairer Scotland. Good quality affordable homes improve physical and mental health and wellbeing, provide a safe and stable platform for employment and education and support jobs in the building and maintenance industry. The provision of affordable housing also has a key role to play in tackling poverty and child poverty in particular. In Scotland, 15% of households live in absolute poverty increasing to 18% when housing costs are taken into account. The difference is even more stark among households with children where 22% are classed as living in absolute poverty after housing costs.

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2.2 The end of right to buy and the financial security provided by a Scottish Government target to deliver 50,000 affordable homes backed by £3billion funding has created the opportunity for many local authorities to start building homes again. Affordable new build completions have increased from zero in 2005 to 1,280 in 2018. While these new homes have been delivered with less subsidy than housing associations, it is not clear how long local authorities can continue to provide good quality homes at this grant level while keeping rents truly affordable.

Homelessness services

2.3 There is a growing body of evidence that demonstrates the financial and health benefits of preventing homelessness or providing the right support for people who do become homeless. The long-term financial sustainability of local government relies on preventative spending and better partnership working between housing, health and social care services.

2.4 Research published in 2017 states that following initial investment, Housing First has the potential to generate significant savings across criminal justice, social work, housing and other services. The publication cites research based in England demonstrating that the UK Government could save up to £200 million each year by implementing Housing First and a study in Liverpool which indicated replacement of 1,500 units of supported housing would generate savings of £4 million.

2.5 We welcome the Scottish Government’s commitment to supporting Housing First through the development of five Pathfinder Project areas but have expressed concerns with the short-term nature of the two-year pilot and uncertainty over long term funding and the role of health and social care partners in delivering the support services which are vital to the success of this approach.

2.6 Research into the links between health and homelessness published by Scottish Government again presents strong evidence to support the case for greater investment in preventative spend:

- Homeless people were almost twice as likely (1.9) to attend Accident and Emergency services than the most deprived cohort (MDC) and three and a half times (3.5) more likely than the least deprived cohort (LDC).
- Acute admissions to hospital for homeless people were 1.7 times higher than the MDC and 3.1 times higher than the LDC.
- Outpatient appointments for homeless people were 1.6 times higher than the MDC and 2.3 times higher than the LDC.
- Rates of dispensed prescriptions for homeless people were 2.5 times higher than the MDC and 8.2 times higher than the LDC.
- Admissions to mental health specialities for homeless people were 4.9 times greater than the MDC and 20.5 times greater than the LDC.

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2 https://www2.gov.scot/Topics/Statistics/Browse/Housing-Regeneration/HSfS/NewBuildLA
4 A homeless intervention that provides a home and wrap around support for people with complex needs.
7 https://www.gov.scot/publications/health-homelessness-scotland/
• Admissions at initial drug treatment services for homeless people were 10 times higher than the MDC and 132 times higher than the LDC.

2.7 This is a stark demonstration of the human cost of homelessness as well as the cost to the NHS and a clear indication of the benefits of preventative spending and better access to health, addiction and mental health services before reaching crisis point.

**Energy efficiency, fuel poverty and climate change**

2.8 The Scottish Government has acknowledged that we are experiencing a global climate emergency and set out new emission reduction targets in the Climate Change Bill of 70% by 2030, 90% by 2040 and net-zero by 2045. The Fuel Poverty (Targets, Definition and Strategy) Bill sets an ambition that by the year 2030, as far as reasonably possible, no household in Scotland is living in fuel poverty. Local authorities and the wider housing sector have a central role to play in meeting these targets in ensuring that new build homes are high quality, existing homes are maintained and improved and people are supported to reduce their energy use.

2.9 While we have welcomed the Scottish Government’s Energy Efficient Scotland Route Map, CIH Scotland and other have argued that ‘business as usual’ and current budgets will not be enough to meet targets. Significant progress in improving the energy efficiency of social housing has been made under Energy Efficiency Standards for Social Housing (EESSH). However, the majority of this has been funded by local authorities and housing associations and therefore paid for through rental income. It is not clear how long this level of spend can continue without serious risk of making rents unaffordable and costing tenants more in rent increases than they save on their fuel bills. These costs add to the financial pressure on local authorities.

3. **Financial Challenges**

   **Budget cuts**

3.1 Analysis from the Scottish Parliament Information Centre (SPICe) published to coincide with this call for evidence clearly shows the complexity of local government budgets and how they have changed over recent years. Perhaps the most simple demonstration of the impact of funding on local government is the real terms change in local government funding per head. Between 2013-14 and 2019-20 this has reduced by an average of £160 per head across Scotland. The largest reduction has been seen in Eilean Siar at £572 per head and the smallest reduction in North Ayrshire at £32 per head of population.

3.2 Anecdotal evidence from CIH Scotland members suggests that cuts to local authority budgets are also having a negative impact on housing associations which are having to pay for services previously provided by the local authority. Examples included pest control services and having to support tenants who were unable to put bins out for collection. While these may seem like minor interventions, if budgets continue to be squeezed, more non-statutory services are at risk of being cut with the costs then being passed on to housing association tenants or other members of the public.

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Council tax

3.3 Changes to Council Tax banding and the flexibility to increase Council Tax has generated some additional income for local authorities although this is not evenly spread across Scotland, depending on local decisions regarding increases and dependent on the housing market and volume of higher value homes.

3.4 The SPICe briefing on local government finance\(^9\) sets out a variation of the impact of Council Tax reform on gross Council Tax revenue between 2016-17 and 2019-20 of between +9.4% in West Dunbartonshire and +21.7% in East Lothian. While all local authorities were given the same discretionary powers, it is clear to see that all areas have not benefited from the same increase in revenue.

3.5 A recent report from the Resolution Foundation\(^10\) has highlighted that despite recent changes, Council Tax is still unfair with people living in the cheapest homes (Band A) facing a bill of up to 2% of the property value compared to just 0.03% at the other end of the market. Because people living in homes at the lower end of the market are more likely to be on lower incomes, this also means paying a higher percentage of earnings.

3.6 In light of the fact that the current method of local taxation is not providing a stable and efficient means of income for local authorities and can contribute to increasing wealth inequalities, the future of local taxation should be reviewed in the context of the Scottish Government’s ongoing discussion on a vision for Housing to 2040.

Increasing demand for services

3.7 Our population is growing and ageing. It is expected that the population will increase by 7% between 2014 and 2039 but during this time, the population of those aged 75 plus will increase by 85%\(^11\). While this growth is not evenly spread across Scotland, all local authorities are having to plan to provide homes that are more accessible and adaptable and services to support people as they grow older.

3.8 In addition to challenges with reducing budgets and increasing demand for services, the UK Government’s welfare reform programme has had, and will continue to have, a significant negative impact on hundreds of thousands of households across Scotland. Scottish Government estimates that UK Government welfare reform measures will have removed £3.7billion from Scottish households by 2020-2021. The loss of income means that more households are struggling to pay for essentials including rent, heating, food and clothing and relying more on local services to support them.

3.9 Local authorities have been directly affected by welfare reform in terms of increased rent arrears and also indirectly by having to provide additional support for tenants and other local residents.

4. Recommendations to support the financial sustainability of local government

4.1 Affordable housing subsidy levels should be revised with input from stakeholders across the social housing sector. There is no clear argument for local authorities receiving less subsidy than housing associations. Scottish Government must work with the sector to set grant levels at a level that will ensure rents can be kept at truly affordable rates for existing and new tenants.

4.2 Scottish Government should consider local taxation within the context of its wider discussion on a vision for Housing to 2040.

4.3 Without providing additional funding directly or radical changes to the way in which revenue can be raised locally, one of the most effective ways in which Scottish Government can support local government is by providing longer term financial certainty. If local authorities are to be able to maintain housing building programmes, they need to be able to take on skilled employees and have the confidence that funding will be extended beyond a single parliamentary term.

4.4 Focus on preventative spend must continue and more must be done to acknowledge and strengthen the role of health and social care partners in supporting people to remain healthy and independent in their own home.

Ashley Campbell
Policy & Practice Manager
Chartered Institute of Housing Scotland

23 August 2019
1. What are the big medium-term (5-year) and longer-term (10+ year) financial challenges for Scottish local authorities?

In the coming years local government will face a number of new challenges as it attempts to tackle and balance key strategic issues such as the drive towards zero carbon, reducing health inequalities, achieving inclusive growth and creating a fairer Scotland. This is against a backdrop of limited resources and greater demand for services from an ageing population. These issues will require transformational change in how we live and work, how our services are provided and communities engaged.

This points to the need for an integrated and planned approach where local government needs to be more prepared to work differently:

- proactively through frontloading engagement and agreement
- corporately and collaboratively with communities and key stakeholders
- outcome and delivery focussed to make a difference on the ground for communities

We believe that an important way of doing this is by taking a planned approach how places - and the communities within them – develop over time. Good planning which looks beyond the immediate situation to the medium and long term can provide the context for allocating local government resources maximise proactive preventative spend.

The need for a more joined-up, collaborative, and participative approach to services, land and building, across all sectors in order to improve outcomes in difficult fiscal environment has been signalled by the recent adoption of the Place Principle by the Scottish Government and COSLA. This collaborative place-based approach needs fairly resourced planning departments to sit centrally in the process, to provide long-term spatial vision, engagement and empowerment of local communities and more certainty for development. As well as supporting delivery of integrated service provision, an effectively resourced planning service needs to be seen essential preventative upstream spend. Quality placemaking through proactive planning is evidenced to promote healthy behaviours, environmental health, mental and physical wellbeing, all of which will markedly reduce resources required for social and health care in the long term. This is supported by recommendations from the Christie Commission which stresses the importance of place when considering a much needed shift towards longer-term preventative spend.

Ensuring that Scotland has an effectively resourced planning system will have wide ranging implications for the medium and long term financial sustainability in local government. Planning departments may not be seen as major revenue generators unlike, for example, property functions in local authorities that produce capital receipts. However, with the appropriate resourcing, planning can generate significant economic development for local authorities, for example by helping to deliver new housing. Planning can help deliver major cost savings for local authorities by understanding the spatial implications of decisions made in other departments, for example through aligning transport initiatives, housing strategies and economic development objectives.
When discussing medium and longer term challenges is it important that consideration is taken to the resourcing context which local authorities planners are currently experiencing. Over the last 10 years we have seen a disinvestment in planning authorities in Scotland.

Research by RTPI Scotland has revealed

- Scottish Local Government Financial Statistics 2009/10 and 2016/17 show that planning authorities’ budgets have decreased in real terms by 40.8% since 2009\(^{12}\)
- Budget cuts are impacting on staffing numbers. A comparison between the Planning Workforce Survey 2010 and the Planning Performance Frameworks for 2017/18 highlights that there has been a 25.7% loss of staff in planning departments since 2009
- Scottish Government figures between 2009/10 and 2016/17 show that expenditure on planning reduced by 25%, the highest of any local government service by a margin of 10%
- Scottish Local Government Provisional Outturn and Budget Estimates for 2019 show that only 0.32% of net revenue budgets in local authorities were spent on development management and development planning\(^{13}\). This is a reduction from 0.63% in 2015.

If budgets continue to decrease planning services will be further reduced back to their statutory functions potentially resulting in the reduction of non-statutory services which have strong public support such as planning enforcement.

With the planning system already under resourced, further financial burdens anticipated over the next ten years could worsen the situations. RTPI Scotland has recently published research evaluating the potential financial implications of changes made to the planning system by the Planning (Scotland) Act 2019, which received Royal Assent on the 25th of July 2019. This research highlighted 49 new and unfunded additional duties that have been placed on planning authorities with costing estimates of between £12.1M and £59.1M over a ten-year period. If this is the case it is estimated that staff numbers will need to increase from between 1.9% and 9.4% to merely maintain a ‘business as usual’ planning service.

Furthermore, the research has highlighted financial uncertainties associated with provisions in the Act for Local Place Plans (LPPs). It is estimated that LPPS could cost between £3.28M – £9.84M over a ten-year period. It is not clear whether these costs will fall upon planning authorities, Scottish Government, communities themselves, or a contribution of all. In England, all groups undertaking a neighbourhood plan or neighbourhood development order are eligible to apply for up to £9,000 of basic grant funding. Whether a central fund is set up by Scottish government to support will have therefore a profound impact on resourcing required from planning authorities. Regardless, providing information and support will have a resourcing impact on planning authorities.


2. How effectively are councils addressing these challenges? Do councils currently have all the powers they need to do so?

In spite of severe resourcing issues planning authorities have maintained a high standard of service, with recent Scottish Government planning performance statistics for 2018/19 showing the average decision time for local developments matching the previous year, which was the quickest annual decision time since 2012/13 and the average decision time for major development applications was the quickest since 2015/2016\(^\text{14}\). The maintenance of high performance has been delivered through a number of initiatives undertaken across local authorities. For example, the implementation of lean process and the widespread adoption of shared services in specialist areas such as minerals, aquaculture, GIS, environmental assessment and conservation areas\(^\text{15}\).

Research by RTPI Scotland has revealed that there are opportunities to align processes to help deliver spatial planning and community planning outcomes more effectively and efficiently. This includes through integrating key engagement stages during preparation of Community Plan and LDPs so they are seen by the public as one consultation and can be delivered in a more resource efficient manner. Furthermore, the research revealed that greater use can be made of LDP Action Programmes as helpful tools for co-ordinating and progressing delivery of Community Planning Partnership (CPP) projects and infrastructure\(^\text{16}\). Whilst further joint working, collaboration and sharing of services should be undertaken, it is important to note that it is not always possible and not necessarily cost efficient.

RTPI Scotland are concerned that if any future budget cuts or additional duties are placed on the planning service, this could have a major impact upon performance and joined-up working, with reductions in staffing numbers now the only viable routes for planning authorities to balance budgets. Research published by Heads of Planning Scotland and CIPFA in 2018 and 2019 showed that planning application fees of only met 68% of development management costs. The work also evaluated the impact on the planning fees for major scale applications being increased in June 2017. It showed that despite £4.2M additional fee income was generated across Scotland the fee increase will not cover the disparity between income and expenditure nor provide full cost recovery\(^\text{17}\). Local authorities should recognise the need to finance planning services effectively to help them achieve their ambitions. This can be achieved through a move towards full cost recovery for processing applications and by ensuring that any revenue generated is reinvested in the planning service. In order to address problems of resourcing in planning authorities RTPI Scotland supports a comprehensive review of the planning fee structure and categories for discretionary charging.

RTPI Scotland would like to highlight opportunities in the Planning (Scotland) Act 2019 which have arisen in provisions for statutory Chief Planning Officers. Scottish Government is to produce guidance on this role and RTPI Scotland advocates that Chief Planning Officers become important corporate players who are engaged early in decision making and influential in terms of budgetary control for planning services. This will produce value for local authorities by future proofing decision making and ensuring medium to long term approaches are taken that aim to maximise preventative spend.


\(^{16}\) https://www.rtpi.org.uk/media/2264152/Routemap%20-%20final%20-%20July%202016.pdf

\(^{17}\) https://hopscotland.files.wordpress.com/2019/02/finalised-hops-report-on-major-application-fees-040219.pdf
3. What practical steps should councils take, and what good practice should councils adopt, to plan for the medium and long-term and to anticipate financial risks? If you are a council answering this question, it would be helpful if you could clarify if you practice medium and long-term financial planning and outline briefly what form this takes.

A report published by Audit Scotland in 2019 looking to understand and highlight what key stakeholders think needs to be done to reposition planning as a recognised key contributor to improving places set out a number of recommendations. It said that planning needs to be better resourced, have streamlined regulatory duties, and reposition corporately to promote its position as an enabler delivering optimum place outcomes. Doing so will enhance its proven contribution to improving physical and mental wellbeing while contributing to preventative spend. Summary of key themes to progress this are:

- Shift of emphasis from regulatory to enabling role through increased resourcing and new performance measures.
- Transforming the service to an outcome rather than process focus.
- Improving the profile of the value of Planning, and
- Proactively lead on solutions for cost recovery and resourcing the planning service.

RTPI Scotland would like to highlight practical opportunities which have arisen in provisions for statutory Chief Planning Officers in the Planning (Scotland) Act 2019. RTPI Scotland considers that this role could ensure that local authorities take matters of planning and place into account when making strategic decisions about investment and service delivery. We believe that, with the support of appropriate guidance produced by Scottish Government, the role of statutory Chief Planning could ensure that investment and services are better joined up and scarce resources are utilised in full from the public, private and third sectors, individuals, groups and communities. Furthermore, through implementing better long-term strategic planning, greater transparency around major budget decisions like universal entitlements could be achieved.

4. What alternative models of planning for, and delivering, council services (for example, joint working initiatives) could help local authorities make efficiency savings and/or deliver better services?

No comment

5. Are there any other issues relating to the long-term sustainability of Scottish local government which you wish to bring to the attention of the Committee?

Currently, some of the income allocated to local authorities by the Scottish Government is protected for particular purposes prescribed by Scottish Government, for example, the pupil equity funding and attainment challenge funding. Considering the severe nature of the resourcing facing planning service, RTPI Scotland would advocate that the Committee consider comparable arrangements to be put in place for planning services.

RTPI Scotland believes that Scottish Government should support planning services to move towards full-cost recovery. Planning services should be support to introduction a

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range of discretionary charging for additional services which demonstrate added value such as pre-application consultations and signing off of conditions and introduction of fees to applications that do not currently attract them such as listed building consent. Furthermore, RTPI Scotland believes a more active approach by the Procurator Fiscal in the prosecution of planning enforcement breaches should be undertaken, including an increase in fines and penalties to meet the costs of enforcement action.

Royal Town Planning Institute

23 August 2019
Submission from Shelter Scotland

Introduction

Shelter Scotland welcomes the opportunity to contribute to the Local Government and
Communities Committee’s budget scrutiny. We do so from the point of view of a charity
which campaigns for a safe, secure home for everyone. This means ensuring:

• An adequate supply of homes which people can afford
• That people who need help to stay in those homes get that help
• That housing is appropriately managed and regulated

So, our submission is framed by those concerns.

Shelter Scotland helps over half a million people every year struggling with bad housing
or homelessness through our advice, support and legal services. And we campaign so
that, one day, no one will have to turn to us for help.

We’re here so no one has to fight bad housing or homelessness on their own.

1. What are the big medium-term (5-year) and longer-term (10+ year) financial
challenges for Scottish local authorities?

The main horizon issues for local government are as set out in the call for evidence: in
other words, the pincer movement of static or falling revenue with rising costs in high
priority, demand-led and major spend areas of education, child protection and adult social
care. So even a “standstill” situation (i.e. without change in policy or statutory
responsibilities) results in a widening budget gap. This has manifestly resulted in a greater
squeeze on lower-profile and opaquely-funded services such as housing support, advice
and funding for third sector partners. Homelessness services, to the extent that they are
statutory, have some degree of protection but the squeeze results in a trend towards
reactive and expensive services such as temporary accommodation and pressure on
more cost-effective “upstream” or prevention work.

2. How effectively are councils addressing these challenges? Do councils currently
have all the powers they need to do so?

Over the last two decades councils have, on the whole, responded constructively and, on
occasion, imaginatively, to successive improvements in homelessness and housing
rights. However, it is equally clear that councils are struggling at times too. In August 2019
Shelter Scotland prepared to initiate a general action against Glasgow City Council for
repeated and systemic failures to meet the statutory rights of homeless people. Over in
Edinburgh the council is routinely and significantly breaching the “unsuitable
accommodation order” for the provision of temporary accommodation for homeless
people. These are simply the two largest examples of ways in which councils are feeling
the strain and failing to meet statutory duties.

On the issue of sufficient powers, it is difficult to think of a service where councils have all
the powers they need to achieve the outcomes they seek. However, the limitations of
powers are evident in different ways:
• Some are a consequence of the constitutional settlement and where powers lie as between UK and devolved administrations. For example, the implementation of universal credit has impacted on the underlying demand for advice and support and increased pressure on homelessness services. In some localities, the freeze on Local Housing Allowance has displaced pressure from private renting into homelessness functions, temporary accommodation and social housing lettings.

• Some are limitations on powers within the ambit of the Scottish Parliament. The tax base is very narrow in a European context and the main tax which does lie in the control of councils – council tax – has very little wiggle room, either from a revenue raising perspective or in the way it could shape the housing market. On the latter, councils do have some discretion over how the tax applies to second and empty homes but these are very modest discretions.

• Some limitations in powers are a consequence of poor design. An example would be the powers to declare Rent Pressure Zones in the Housing (Scotland) Act 2016, which remain unused and arguably unusable.

3. What practical steps should councils take, and what good practice should councils adopt, to plan for the medium and long-term and to anticipate financial risks? If you are a council answering this question, it would be helpful if you could clarify if you practice medium and long-term financial planning and outline briefly what form this takes.

Councils should aim to plan beyond the electoral cycle, ideally on a ten-year horizon, based on a range of scenarios. Three-year plans from Scottish Government would help that. On capital funding, the current programme of 50,000 affordable homes across the parliamentary session has been the most significant programme of affordable housing since the 1970s and Shelter Scotland’s analysis suggests it is within grasp of being achieved. However, the Scottish Government urgently needs to clarify its intentions for phase two of that programme so that momentum can be sustained and built upon. Much has been said about the need for councils to seek financial stability by eschewing incremental change and to undertake service transformation. This is hard to contest but the need for management capacity and skills and transition funding to support the transformation process is equally hard to avoid.

4. What alternative models of planning for, and delivering, council services (for example, joint working initiatives) could help local authorities make efficiency savings and/or deliver better services?

From our own experience we would offer a couple of examples:

• As host of the Scottish Empty Homes Partnership we are focusing a lot on the value of dedicated empty homes staff within each local authority and, as part of that, several councils have taken up the opportunity to host a shared service post with neighbouring councils, at the very least as a proof of concept project: increasing housing supply, contributing to community regeneration and placemaking and increasing council tax yield. At present 21 councils have dedicated empty homes staff.

• Using that analogy, we have also trialled “Private Landlord Support Officers” as a way of engaging with the growing number of private landlords and letting agents in a more
pro-active way. This is the kind of upstream work which we believe is at risk just now but is fundable through income raised from landlord registration.

5. Are there any other issues relating to the long-term sustainability of Scottish local government which you wish to bring to the attention of the Committee?

Drawing from our comments above we would observe:

- The funding base for councils is too narrow and too tightly-controlled
- Service transformation is needed but that takes management capacity and a source of transition funding
- One-year funding settlements need to be replaced by longer term budget horizons: three years for budget allocations and ten years for planning.

Gavin Corbett
Policy Adviser
Shelter Scotland

26 August 2019
Summary

Audit Scotland, for the Accounts Commission, reported (pp16-17) in March 2019 that (with our comments in brackets):

- Alongside increasingly complex delivery and partnership challenges local government in Scotland has faced real terms reductions in funding since 2013-14. National policy initiatives continue to make up an increasing share of local budgets [a feature across the UK is the long-term reduction in discretion over services/powers and financial control of a shrinking share of local government revenue].

- Nonetheless councils are making sensible medium-term financial plans regarding council tax increases and greater use of fees and charges and their reserves [but this still rests within an annual budgeting framework which constrains such planning].

- Demographic demands are changing too with expected growth in all councils for over 65s and with a third expecting an increase in under 15s. [Delivering effective health and care partnerships will be correspondingly more important].

Variation in performance cannot be accounted for by context or finance [but that does not imply that structural reform to funding could not make significant potential improvements]. The introduction to the committee inquiry highlights that, since the 2008 financial crisis, total local government funding resources in Scotland have fallen in real terms – ie there is a fundamental question of absolute resourcing to be dealt with. We contend, however, that long term sustainability is also a question of the relationship between local and central government, incentive mechanisms but fundamentally about shifting the balance of autonomy, dependency and discretion to create more of a planned, risk-sharing environment, one which secures the delivery of services but also enables a context wherein councils can innovate and experiment in order to be more cost-effective, responsive and attuned to emerging local needs and demands. It is this latter theme that we focus on primarily.

The Committee Inquiry terms of reference asks the following questions of evidence submissions:

1. What are the big medium-term (5-year) and longer-term (10+ year) financial challenges for Scottish local authorities?

2. How effectively are councils addressing these challenges? Do councils currently have all the powers they need to do so?

3. What practical steps should councils take, and what good practice should councils adopt, to plan for the medium and long-term and to anticipate financial risks? If you are a

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19 This paper is based on work we have done individually and together including work on the Local Governance Reform, for What Works Scotland on ‘prevention’ and for the Commission on Local Taxation.

council answering this question, it would be helpful if you could clarify if you practice medium and long-term financial planning and outline briefly what form this takes.

4. What alternative models of planning for, and delivering, council services (for example, joint working initiatives) could help local authorities make efficiency savings and/or deliver better services?

5. Are there any other issues relating to the long-term sustainability of Scottish local government which you wish to bring to the attention of the Committee?

We think the annual evidence on local government presented by Audit Scotland does an excellent job of setting out the key issues relating to questions one and two above. We also add to this below by identifying fundamental structural weaknesses in how local government and its finances operate, raising challenges for us about both the ends of structural reform and of course how it is to be achieved and implemented. It is in that latter respect that we identify some ideas that suggest ways to contribute positively to the debates raised by questions 3 and 4 above.

Our central contention is that there is a need to reverse the long-term process of disempowering local government, increasing local discretion, greater use of joint and shared services, multi-year funding agreements linked to spending review period, not only the reform of council tax and non-domestic rates but also serious analysis of additional local taxes bringing Scottish local government in line with other countries outside the UK. We should also consider a plan to gradually increase the local share of revenue raised and to ensure that regular revaluation becomes locked into the system. Local finance reform should be linked to broader reforms of local governance. These proposals are fundamentally about empowerment, connecting services and the fundamental relationship between the distribution of powers and services between Holyrood and local government.

**Key Points**

1. We would stress at the outset the importance of viewing service provision as a shared responsibility. Questions that focus on what local government should do to meet future challenges must recognise the interdependence of central and local government. Much that needs to be addressed lies within the competence of the Scottish Government.

2. In 2010, the former Auditor General warned we faced a ‘long hard financial winter, which will require very difficult choices to be made’. Spring still seems a long way off. Added to this, increased demand for services with an aging population allied with laudable ambitions to improve services including empowering local communities and neighbourhoods create added pressures.

3. Commitment to the Christie principles are being stymied by the failure to address the question of capabilities at local level to deliver.

4. Over a long period of time, local government has been disempowered leaving it with limited capacity or competence to address future challenges. A fundamental reform to reverse the process of centralisation will be necessary to meet these challenges. There has been a narrowing of discretion both in terms of services and
functions but also in terms of local autonomy. The latter can be summarized by the shrinking proportion of total revenue which is raised locally and the degree to which local government has discretion over the setting of the local tax rates that households and businesses would be liable for.

5. **Scottish Government faces a choice**: it must reverse these trends and give local government more financial autonomy to raise its own revenue, provide the necessary funding itself or some combination.

6. A key shift is required in how we understand local governance. The dominant perspective informing too much policy is one that views local government as a discrete ‘level’ rather than viewing public services as provided within an interdependent system of interlocking parts. This results in a Rubik’s cube problem where reform only works with one dimension at a time and in some cases reduces the effectiveness of the other parts of the system (e.g. finance changes impact on services and functions). We require more explicitly systems thinking around interdependence, complexity and incentive structures. This is especially true of tackling wicked problems. Current thinking leads to inertia which has cumulatively over time proved a deadening force on potential reform. A *more incremental but well defined approach* to reform is required, for example, we need to think about financial reform as staged over 10 years expanding the local sources of revenue of expanding the number of local taxes that can be used and introducing council tax reform (or, more radically, alternatives to the council tax) on a staged basis.

7. We see the need for **immediate action**, well within five years, to address many challenges but with longer term objectives including, with respect to a ten-year plan, to **increase to 50% the share of local government income raised locally** as advocated by the 2014 Commission on Strengthening Local Democracy.

8. The **adequacy, robustness and flexibility associated with grant-in-aid** requires attention. The effectiveness and stability over the course of a Parliament requires attention. Consideration should be given to the reliance on whether the incentive mechanisms and the reliance on need, driving grant allocation alongside population, are the best ways for grant allocation. A sustained enquiry into alternatives to and ways of refining the existing grant allocation mechanism would be useful.

9. More immediately, the problem of **annuality versus multi-year funding** should be addressed. Because of the increasing reliance on grant aid, and the annual political challenges to the local tax rate increases, it is increasingly apparent that funding should be settled on a multi-year term and indeed possibly over an entire parliament. The aim could be to connect local government funding settlements to spending review planning periods.

10. A related funding issue concerns **reserves**. Many councils have run their reserves down as far as they can especially when council tax was frozen. During the local tax commission enquiry there was considerable concern about the dwindling position of reserves which, essentially, is a symptom of the underlying local government finance system.
11. The need to reform council tax has become urgent. This issue and others raised by in the 2015 Local Tax Commission remain to be addressed. The changes that were made after the 2016 election are inherently cosmetic and do not address the fundamental issues of revaluation, the importance of having a progressive property tax and also widening the tax base. Discussion of the tourist tax, workplace car parking, etc. are important but should not be seen as alternatives to but supplement reform of the council tax.

12. Consideration needs to be given to the more effective use of nondomestic property taxes and whether there should be a return to local rate setting and whether revenues should be retained completely in the local area (also stripping away complex overlapping reliefs, etc.). The further question of the greater, enhanced or more strategic use of fees and charges by local government needs consideration including their distributional profile.

13. There has been limited progress in shared services and there needs to be consideration as to how to incentivize greater collaboration, integration and joint working across public services both horizontally and vertically ie between local authorities but also between central government and local government. There are financial savings as well as improved service provision to be gained from abandoning the constraints of silo working. However, we see few advantages in a major restructuring of local government and these are far outweighed by the costs.

14. The culture of centralization has inhibited experimentation and innovation. Creating a more permissive environment for local government involves some risks on the part of central government, but we view this as a necessary component of making a shift towards greater decentralisation of financial autonomy and that those risks must be shared and involve greater responsibility and accountability for local government.

15. Local government has shown a capacity to innovate in contributing to the public good. Despite concerns that it had been over 30 years since councils engaged in major house building programmes, local authorities have shown they are capable of delivering innovative infrastructure and other investment projects. Councils have built more than a thousand units a year of general needs council housing funded by grant and public borrowing paid for by rents. The gains of experimentation and innovation was evidenced by giving councils greater autonomy and the space to experiment and innovate so that we can all learn from those successful experiments.

Prof James Mitchell (University of Edinburgh)
Prof Kenneth Gibb (University of Glasgow)

22 August 2019
Local Government and Communities Committee  
25th Meeting, 2019 (Session 5), Wednesday 9 October 2019  
Subordinate Legislation

Overview of instrument

1. The following instrument, subject to negative procedure, is being considered at today’s meeting:
   - The Caravan Sites Act 1968 (Amendment of Definition of Caravan) (Scotland) Order 2019 (SSI 2019/295)

Background

2. This Order increases the maximum permitted dimensions of a caravan in Scotland bringing parity with the maximum dimensions of a caravan in England and Wales. The policy note for the instrument is attached at Annexe A.


4. No motion to annul this instrument has been lodged.

Equality Impact Assessment


Final Impact Assessment


Delegated Powers and Law Reform Committee consideration

5. The Delegated Powers and Law Reform Committee (DPLRC) considered the instrument at its meeting on 1 October 2019 and determined that it did not need to draw the attention of the Parliament to the instrument on any grounds within its remit.

Committee Consideration

6. The Committee is not required to report on negative instruments, but should it wish to do so, the deadline for reporting on SSI 2019/295 is 11 November 2019.

Procedure
7. Negative instruments are instruments that are “subject to annulment” by resolution of the Parliament for a period of 40 days after they are laid. This means they become law unless they are annulled by the Parliament. All negative instruments are considered by the Delegated Powers and Law Reform Committee (on various technical grounds) and by the relevant lead committee (on policy grounds).

8. Under Rule 10.4, any member (whether or not a member of the lead committee) may, within the 40-day period, lodge a motion for consideration by the lead committee recommending annulment of the instrument.

9. If the motion is agreed to by the lead committee, the Parliamentary Bureau must then lodge a motion to annul the instrument to be considered by the Parliament as a whole. If that motion is also agreed to, the Scottish Ministers must revoke the instrument.

10. Each negative instrument appears on the Local Government and Communities Committee’s agenda at the first opportunity after the Delegated Powers and Law Reform Committee has reported on it. This means that, if questions are asked or concerns raised, consideration of the instrument can usually be continued to a later meeting to allow the Committee to gather more information or to invite a Minister to give evidence on the instrument. Members should however note that, for scheduling reasons, it is not always possible to continue an instrument to the following week. For this reason, if any Member has significant concerns about a negative instrument, they are encouraged to make this known to the clerks in advance of the meeting.

11. In many cases, the Committee may be content simply to note the instrument and agree to make no recommendations on it.
ANNEXE A

POLICY NOTE

THE CARAVAN SITES ACT 1968 (AMENDMENT OF DEFINITION OF CARAVAN)
(Scotland) ORDER 2019
SSI 2019/295

The above instrument was made in exercise of the powers conferred by section 13(3) of the Caravan Sites Act 1968. The instrument is subject to negative procedure.

Policy Objectives

This Order increases the maximum permitted dimensions of a caravan in Scotland bringing parity with the maximum dimensions of a caravan in England and Wales.

Purpose

The change increases the maximum permitted size of a caravan by around 10% and brings the maximum caravan dimensions in Scotland in line with those that apply in England and in Wales. The legal definition of a caravan applies to all types of caravan; namely caravans used as permanent residential accommodation for Gypsy/Travellers, permanent residential mobile home (park home) sites, and caravan accommodation used for holiday purposes. The change will therefore affect all these sectors.

Section 29(1) of the Caravan Sites and Control of Development Act 1960 (“The 1960 Act”) defines a caravan as “...any structure designed or adapted for human habitation which is capable of being moved from one place to another (whether by being towed, or by being transported on a motor vehicle or trailer) and any motor vehicle so designed or adapted but does not include:

• (a) Any railway rolling stock which is for the time being on rails forming part of a railway system, or
• (b) Any tent.”

This definition was modified by section 13(1) of the Caravan Sites Act 1968 (“The 1968 Act”), which deals with twin-unit caravans. Section 13(1) provides that:

“A structure designed or adapted for human habitation which:

• is composed of not more than two sections separately constructed and designed to be assembled on a site by means of bolts, clamps or other devices; and
• is, when assembled, physically capable of being moved by road from one place to another (whether by being towed, or by being transported on a motor vehicle or trailer), shall not be treated as not being (or not having been) a caravan within the meaning of Part 1 of the Caravan Sites and Control of Development Act 1960 by reason only that it cannot lawfully be moved on a highway when assembled.”

• Section 13(2) of the 1968 Act prescribes the following maximum dimensions for “twin unit caravans"
(a) length (exclusive of any drawbar); 60 feet (18.288 metres);
(b) width: 20 feet (6.096 metres);
(c) overall height of living accommodation (measured internally from the floor at the lowest level to the ceiling at the highest level): 10 feet (3.048 metres).

This order increases the maximum permitted dimensions of a “twin unit caravan” in Scotland to:

- 65.616 feet long (20 metres) (exclusive of drawbar);
- 23.309 feet wide (6.8 metres);
- 10.006 feet tall (3.05 metres).

Consultation

Part 5 of the Housing (Scotland) Act 2014 set the framework for a new system for licensing mobile home sites licensed to have permanent residents. In 2015, the proposed changes to the maximum permitted caravan dimensions where included as part of the consultation on the regulations supporting the new licensing system for mobile home sites with permanent residents. The analysis of the consultation responses¹ to the proposed changes to the caravan dimensions shows overall support. As well as public consultation, we have also sought views from policy colleagues and from key stakeholders more recently (e.g. mobile home industry representatives, local authority licensing teams, mobile home site resident groups).

Impact Assessments

An Equality Impact Assessment has been completed and a summary is attached.

Financial Effects

A Business and Regulatory Impact Assessment (BRIA) was carried out and is available on the Scottish Government website, a copy is attached. The impact of this policy is that while there may be costs associated with any changes required on sites to accommodate larger caravans these costs are outweighed by the potential benefits of the changes:

- aligns caravan dimensions in Scotland with those in England and Wales
- allows manufacturers to standardise their products across the wider UK market;
- energy efficiency measures installed during construction of caravan and;
- better insulation and reduced emissions.

Scottish Government
Housing and Social Justice

August 2019