

FINANCE COMMITTEE

Tuesday 28 February 2006

Session 2

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FINANCE COMMITTEE

6th Meeting 2006, Session 2

CONVENER

*Des McNulty (Clydebank and Milngavie) (Lab)

DEPUTY CONVENER

Mr John Swinney (North Tayside) (SNP)

COMMITTEE MEMBERS

Ms Wendy Alexander (Paisley North) (Lab)

*Mr Andrew Arbuckle (Mid Scotland and Fife) (LD)

Mark Ballard (Lothians) (Green)

*Derek Brownlee (South of Scotland) (Con)

*Jim Mather (Highlands and Islands) (SNP)

*Mr Frank McAveety (Glasgow Shettleston) (Lab)

Dr Elaine Murray (Dumfries) (Lab)

COMMITTEE SUBSTITUTES

*Robin Harper (Lothians) (Green)

Janis Hughes (Glasgow Rutherglen) (Lab)

Alex Neil (Central Scotland) (SNP)

John Scott (Ayr) (Con)

Iain Smith (North East Fife) (LD)

*attended

THE FOLLOWING GAVE EVIDENCE:

Tim Barraclough (Scottish Executive Development Department)

Neil Ingram (Scottish Executive Development Department)

Michael Lowndes (Scottish Executive Development Department)

CLERK TO THE COMMITTEE

Susan Duffy

SENIOR ASSISTANT CLERK

Rosalind Wheeler

ASSISTANT CLERK

Kristin Mitchell

LOCATION

Committee Room 1

Scottish Parliament

Finance Committee

Tuesday 28 February 2006

[THE CONVENER *opened the meeting at 10:03*]

Planning etc (Scotland) Bill: Financial Memorandum

The Convener (Des McNulty): Good morning. I welcome members, witnesses, the press and the public to the Finance Committee's sixth meeting of 2006. As usual, I remind members to switch off all pagers and mobile telephones.

We have received apologies from Wendy Alexander, Mark Ballard, Elaine Murray and John Swinney. Robin Harper is attending as a substitute for Mark Ballard.

The first item on our agenda is to take further evidence on the financial memorandum to the Planning etc (Scotland) Bill. Last week, we took evidence from the Convention of Scottish Local Authorities. This week, I welcome Scottish Executive officials to the committee. They are Tim Barraclough, who is the head of the planning policy division, Neil Ingram from the planning bill team, and Michael Lowndes from the planning policy division.

Our normal procedure is to invite officials to make an opening statement, if they wish to, and then to proceed to questions. I invite Tim Barraclough to make an opening statement.

Tim Barraclough (Scottish Executive Development Department): Our assessment of the financial implications of the planning reform proposals in the bill derives from two works that were commenced in 2004 and 2005. In February 2004, we commissioned Ove Arup & Partners Scotland Ltd to research the adequacy of existing staff and financial resources that are available to local authority planning departments. In April 2005, we commissioned Arup to undertake further work to assess comprehensively the impact on planning authorities of the Executive's proposals for reform of the planning system.

Both reports from that work were published in December 2005. As the financial memorandum says, the figures in the Arup reports are initial cost estimates that carry significant uncertainty. Since then, we have established a planning finance working party whose work will supplement the initial assessment and analysis in the Arup reports. In addition to Scottish Executive officials, the working party includes representatives of COSLA, the Scottish Society of Directors of Planning and the Royal Town Planning Institute.

The working party undertook its first task in December and January. It carried out a survey of all planning authorities, the aim of which was to establish the extent of underfunding in the existing planning system. Its next task will be to review Arup's assessment of the impact of the reform proposals and its final task, which it will undertake later this year, will be to identify the options for increasing the resources that are made available to local authority planning departments.

We accept that there is considerable uncertainty about the funding of the existing planning system and the resource implications of the planning reform proposals. We continue to work with the planning authorities to identify their present and future funding requirements and how those can best be met. Of course, we have also assessed the likely cost to the Executive of implementing the reform package and the additional costs that may fall on those who submit planning applications. I hope that all of that is evident from the financial memorandum.

We are happy to answer questions and hope that we have to hand the information that will provide the committee with full answers. If we do not have it immediately to hand, we will provide it after today's meeting.

The Convener: Thank you. I draw members' attention to the letter that we received last week from Johann Lamont, the Deputy Minister for Communities, which was circulated to members. If any member does not have that letter to hand, the clerks have copies.

I will pick up on the information that the Executive is gathering. The obvious question is this: How much credence can we place on estimates that were produced before the Executive received information on the shortfall in funding of the existing planning system?

Tim Barraclough: The estimates that are given in the financial memorandum are based on the best available evidence and information that we had at the time, which was primarily the Arup research. As time has elapsed, two things have happened. First, the local authorities told us that we may need to further investigate and consider Arup's estimates because there may be questions about that, and secondly we found that some of the assumptions in Arup's work appear not to accord with the reality that has emerged. We have to look over the estimates again. We said in the financial memorandum that the estimates are initial estimates that carry significant uncertainty. The information was the best we could provide at the time, unfortunately.

The Convener: Given that the bill has been in the pipeline for such a long time, could not we have had more definition on the financial

implications earlier? On the face of it, that would have made the calculations more robust.

Tim Barraclough: Many of the proposals that ended up in the bill were developed as late as the beginning of 2005. Only then were we able to commission Arup to research the cost implications of the proposals. Given that the bill proposals were in development until then, we could not have come up with anything more accurate earlier.

The Convener: Surely you could have commissioned the work on the shortfall in funding of the existing planning system earlier.

Tim Barraclough: As I said, that work was started in February 2004. It took a considerable time for Arup to produce it.

Robin Harper (Lothians) (Green): In her letter, the deputy minister says that the advice is based on consideration of

“the most recent validated information”,

but she does not say what that information is.

Michael Lowndes (Scottish Executive Development Department): Are you asking about fees?

Robin Harper: Yes.

Michael Lowndes: The information to which the minister refers comes from LFR—local financial returns—7, which shows the local authority financial returns for 2004-05.

Mr Andrew Arbuckle (Mid Scotland and Fife) (LD): I will follow up the convener's line of questioning on resources. It is recognised that in the planning service there is a shortage not just of financial resources, but of human resources, which it will not be easy to rectify quickly. How do you react to that?

Michael Lowndes: Staff resourcing is a matter of considerable concern to us and to local authorities. Authorities find it extremely difficult to compete with the private sector in recruiting experienced planning staff. The RTPI has sponsored a one-year postgraduate course, which we hope will help to alleviate the problem. The closure of the University of Strathclyde's planning school has created a difficulty. We are discussing matters with the institutions, local authorities and the RTPI and we have recently introduced a planning development budget to assist local authorities to develop in-service training modules for their staff. In addition, we are seeking to encourage authorities to share specialist staff. We will have to continue to pay attention to the issue.

Mr Arbuckle: Can the necessary increase in the number of staff be achieved in time? The Planning etc (Scotland) Bill is on track. The development of human resources takes time, especially when professional training is required.

Tim Barraclough: The planning development budget has started this year. At the moment, the majority of the funds will be available for next year and the year after—there will be £1 million for each of those two years—so we will be able to get modules up and running well before the commencement of many of the bill's provisions.

Mr Arbuckle: Michael Lowndes mentioned the difficulty that local authorities experience in competing with commercial planning companies to recruit experienced staff. Does that mean that an increase in the salaries of local authority planners is necessary, which would increase councils' financial obligations?

Tim Barraclough: Such increases would not be funded through the planning development budget, which is about providing training. You have raised a wider issue that does not relate only to planning departments; it is about recruitment and retention in local authorities more generally. We will discuss that with the planning finance working party and in the wider context of discussions with local authority representatives.

Mr Arbuckle: In your introductory remarks, you brought us up to date on the completion of the review and what will happen as a result of it, and you said that the bill's implications will not be considered until later this year. The bill is on track, so is progress on the paperwork of the bill running ahead of examination of its financial implications?

Michael Lowndes: No—I would say that they are running in parallel.

Mr Arbuckle: How can you say that when it is accepted that many of the bill's financial implications will emerge only when the secondary legislation is introduced?

Michael Lowndes: That is true, but we are quite clear about what the secondary legislation will be. Bodies such as COSLA, the SSDP and the RTPI have produced estimates of the financial and staff implications of the reforms. Through the planning finance working party, we need to review the estimates that Arup has made, interrogate them and satisfy ourselves that they are reasonable. We will continue with that process for the remainder of the year.

The Convener: The problem that the Finance Committee has is that today's meeting is our opportunity to consider the overall costs of the bill. It is clear that issues might arise if, for example, the projections in the financial memorandum must be significantly modified as a result of changes in guidance or if some of the assumptions that underpin the bill and the guidance prove to be inadequate.

Michael Lowndes: All I can say is that we are willing to share with the committee all the

information we have. We are reviewing the information, testing it and satisfying ourselves that it is realistic.

The Convener: On planning graduates, has the department a view about the University of Strathclyde's decision to close its planning school? Are mechanisms, such as those that have been applied in nursing and social work, under consideration to boost the supply of graduates? Are schemes such as new provision in the university sector or bursaries for people to move into that area of study under active consideration?

10:15

Michael Lowndes: Those issues are under consideration. The Office of the Deputy Prime Minister introduced a Great Britain-wide post-graduate programme to encourage graduates to take a one year course for which bursaries are offered. In Scotland, the Enterprise, Transport and Lifelong Learning Department believes that supply shortages in particular professional disciplines should be dealt with by offering attractive salaries rather than by offering graduate bursaries to people for higher courses of training. It is an issue to which we must give further attention, but I am afraid that we cannot offer a fully worked-out solution at the present.

The Convener: Is that because the shortages are not deemed to be sufficiently acute and action is not being taken, as it is in other professional areas? Is the shortage because of a lack of Executive influence in, for example, the decision by the University of Strathclyde to shut its planning school?

Michael Lowndes: The problem has more to do with the public's perception of planning as an unattractive career option. If I was 18 again, I do not think that I would see planning as being an obvious or attractive career option among all the available options.

The numbers of people entering universities to study planning are diminishing. As a result, the universities have decided to scale down their commitment to planning courses or have combined their planning courses with other disciplines such as geography. That is a difficult issue for the Executive to influence even though we have discussed with the RTPi in Scotland what we can do to promote planning as a more attractive career option for young people.

The Convener: Do you see changing the planning system through the bill as an opportunity to create the change in the perception of planning as a career?

Michael Lowndes: The whole reform programme must go much wider than legislative

change. We must aim to promote a change in the culture of planning that will make it a more attractive career option for young people. We must also promote a change that makes planning a more proactive local government function and one that commands a higher political priority at local government level.

The Convener: Some of that would involve costs, but no costs associated with it appear in the financial memorandum.

Michael Lowndes: No, but we are discussing those issues with the RTPi as the relevant professional body. The RTPi already has an initiative in place—a new vision for planning—which sets out the idea of promoting planning as a more attractive career option for young people. It also aims to make planning into a more proactive activity that is targeted at achieving desirable planning outcomes rather than just at processing a certain number of planning applications.

Jim Mather (Highlands and Islands) (SNP): I will return to the planning finance working party. What timeframes and milestones have been put in place and when can we expect a firm output from that process?

Michael Lowndes: The planning finance working party has three main tasks: first, to develop from the Arup report a more detailed and comprehensive assessment of the extent to which local authority planning services are underfunded; secondly, to develop a clearer and much more comprehensive assessment of the financial implications of the reform proposals; and thirdly, to identify options for increasing the financial resources that are available to local authority planning services.

In December and January, we carried out our own survey of the extent to which local authorities believe their planning services are underfunded and we are currently interrogating that data. Up to the start of the summer, we will be investigating the second part of the working party's remit, which will involve examination of Arup's assessment of the impact of reform proposals. Finally, by the end of the summer, we will be addressing the working party's third task, which is to consider how to increase resources to planning services.

Jim Mather: Can we expect to see a more fleshed-out financial memorandum then? In the light of your earlier comments about the RTPi, the potential exists to create in this new planning regime what amounts to a business plan that might have the RTPi as the hub, with local authorities and central Government wrapped around it. That would give us a comprehensive feel of the step-change in the costs and benefits that will be associated with the new regime.

Like many financial memorandums that come before the committee, this memorandum does not

say much about revenue implications, so it looks as though there will be one-way traffic on costs. Surely, through this process we can expect better cash flow from council tax and business rates and—although they will not come directly to this Parliament—benefits from tax revenues and reduced social security payments. Are you attempting to take a more comprehensive approach to that matter to ensure that we get a proper feel for it and to ensure that the taxpayer understands the step-change that might result?

Michael Lowndes: We will publish the working party's report in due course, but we do not intend to carry out a wider cost-benefit analysis—indeed, it would be very difficult to capture in detail all the costs and benefits to which you referred.

Jim Mather: I understand that. However, any assessment of whether there is underfunding will find—surprise, surprise—that underfunding exists. The working party's tasks of assessing underfunding, developing clear future financial implications and identifying revenue options ought to be brought together into a comprehensive virtual business plan for planning in Scotland from 2006 onwards.

Michael Lowndes: We are certainly prepared to consider that proposal further. Perhaps when we have had longer to think about these matters, we could write to the committee with our thoughts.

Jim Mather: We would welcome that.

The Convener: We have asked you about the steps that you might take to address the shortage of planning staff. However, even if you were able to do so, you might not achieve it during the bill's passage and initial implementation. What implications might such a shortage have? Would that make it difficult to meet the bill's objectives?

Tim Barraclough: The committee might appreciate hearing about the timetable for implementing the bill's various stages, because it highlights the extent to which certain changes need to be phased in. The introduction of the new development planning system will take a long time, and there will be a long transitional phase before it is fully up and running. However, staffing is probably the area in which there is the greatest sense of underfunding or under-resourcing. We will discuss that with local authorities.

One of the reform's key aims is to move local authority planning staff away from merely reacting to and processing planning applications to—as Michael Lowndes pointed out—proactive development planning. That is a question not just of making available additional resources or planners but of improving management practice. Local authorities accept that there could be a huge improvement in the management of planning departments, particularly of the development planning function.

We hope to improve practice in advance of the full range of reforms to development plans being commenced, partly through delivery of the planning development budget, which covers development planning skills among other things. There should be a reasonably long lead-in time for that. Most of the reforms will not be commenced until after the next spending review. Hopefully, we will be able to take that into account.

The Convener: In other words, you could be in the process of producing an implementation plan based on a phased implementation of the various elements of the bill.

Tim Barraclough: Yes.

The Convener: Let us move on to neighbour notification. Considerable scepticism was voiced last week by COSLA representatives about the financial estimate of £1.7 million across all planning authorities to cover the new task of neighbour notification. Bearing in mind that scepticism, and given the basis according to which the sum has apparently been allocated—to one person per authority, which presumably means giving the same amount to Angus as to Glasgow—do you think that the estimate is realistic?

Michael Lowndes: That figure is probably an underestimate. The Arup figure is based on one full-time member of staff working one day a week on neighbour notification. The SSDP has already told us that it thinks the figure is an underestimate. The four city authorities of Edinburgh, Glasgow, Aberdeen and Dundee have formed their own working party to study the implications of neighbour notification. Edinburgh's estimate of the additional cost of carrying out neighbour notification is £435,000 a year. For those four cities, that is probably about £1.5 million, but there are another 28 authorities to account for. The £1.7 million figure is therefore probably an underestimate. We are examining that in the planning finance party—it is one of the assumptions that we want to interrogate.

The Convener: I welcome your candour on that—I never thought that the figure was sustainable. I wish to pursue this matter slightly further. I can understand why there is an issue about inadequate neighbour notification under the present arrangements. Does transfer of the burden of notification from the applicant to the public sector body—in this context, the local authority—fit with the Executive's overall approach, which is to resist adding burdens to the core functions of public bodies? I would have thought that there was a prejudice against taking on such responsibilities. What is the estimate of the benefit of transferring responsibility from the applicant to the local authority? What are we getting for that?

Michael Lowndes: The justification for transferring responsibility to local authorities is the considerable public dissatisfaction with the present system of neighbour notification and the fact that we must build public confidence in the planning system and assure the public that, when they have a right to be notified, that will be done by a responsible and accountable public body.

The Convener: Are not there other ways to achieve a better system, for example through clearer criteria and stipulations for neighbourhood notification? Penalties by way of loss of fees could be imposed on applicants who failed to deliver appropriate neighbour notification.

Michael Lowndes: As was indicated in response to the consultation paper, "Your place, your plan", there is considerable public consensus in favour of local authorities carrying out neighbour notification, as is done in England.

The Convener: The English experience might also inform another issue here. The failure of the local government system to meet the requirements of neighbour notification, once that becomes a local authority responsibility, might potentially become the basis on which planning decisions and processes are challenged. Such challenges might involve additional costs for local authorities beyond the administrative costs of carrying out neighbour notification. Have you looked into that matter? Are there any financial estimates in that respect?

10:30

Michael Lowndes: No. There could, of course, be legal challenges at the moment on the basis of an applicant's failure to carry out neighbour notification, and I do not expect a higher incidence of challenges when local authorities take on neighbour notification duties, although the remedy of being able to make a complaint to the Scottish public services ombudsman will be available.

The neighbour notification working party wants to discuss with English local authorities how they carry out neighbour notifications and the frequency of legal challenges. However, we were told in a conversation that we had with the ombudsman's office that, provided that local authorities make every reasonable attempt to carry out neighbour notifications, it did not expect a high number of challenges to them.

The Convener: Our experience in other areas of work is that challenges to local government through its own systems and through the ombudsman system are on a steep upward curve. Perhaps that trend is the product of a more litigious society. From my experience, I cannot think of any area that is more litigious than general planning decision making and planning processes,

and I have assumed that there will be a significant number of challenges if, given the current cultural environment, local authorities have a new planning duty. Therefore, I encourage those who are involved with the bill to consider ways of ensuring not only that the right of individuals to make appropriate challenges is protected, but that the arrangements under which challenges can be made are not unnecessarily burdensome.

Michael Lowndes: I am sure that there will be a significant number of challenges in the early years of the new neighbour notification arrangements because there is widespread misunderstanding at the moment about which neighbours are entitled to be notified, but I expect that more understanding of how the system is supposed to operate will develop once it has been in place for a number of years.

Mr Arbuckle: The convener is right to mention the possible dangers that exist with neighbour notification. When an applicant makes an application, he will know his neighbours, but it might not be as easy for somebody in a local authority to know who the neighbours are. That could lead down the path to litigation.

I want to look forward to the transitional period between existing planning law and the coming into force of the Planning etc (Scotland) Bill, for which the financial memorandum indicates an allocation of around £1.8 million. What is the basis for that figure? There is no timescale for the transition. Has a guess simply been made?

Michael Lowndes: That provision is given in Arup's research. Arup has said that in the first two years after the new system has been introduced, 20 per cent of its total costs should be allowed for transitional costs to cover training, education, publicity and all the other costs that are involved in putting in place new processes and procedures.

Mr Arbuckle: Is it likely that costs will dramatically increase if human resources, which are one of the building blocks, are not available?

Michael Lowndes: The only answer that I can give is that they could do so.

The Convener: Consultancy fees are an issue in that context. One reason for the shortage of planners is that people who might previously have worked in the local government system have found that they can work for commercial agencies, which hire them back to local authorities at significantly increased prices. Andrew Arbuckle is right to flag up the considerable potential cost in fees to local authorities of failing to tackle human resource issues.

Michael Lowndes: I agree. If an authority is constrained in carrying out its duties by staff shortages, one of the options that it must resort to

is to contract out work to consultants at higher cost. However, we cannot quantify such costs at this stage.

The Convener: Will you monitor the situation during the implementation period?

Michael Lowndes: Yes. We will give continuing attention to the staff resource implications in the run-up to implementation of the reform proposals. Human resources are crucial to the success of the reform, as the committee has identified.

The Convener: What is the likely fee level?

Michael Lowndes: Do you mean planning fees?

The Convener: Yes.

Michael Lowndes: The committee received a letter from the Deputy Minister for Communities—

The Convener: The letter says that the fees will go up.

Michael Lowndes: The minister's letter says that it is not proposed to increase fees for 2005-06.

The Convener: I think that you mean 2006-07.

Michael Lowndes: Sorry, I did mean 2006-07.

The Convener: The letter continues:

"The position will, however, be kept under review."

The implication in the bill is that planning fees will increase after 2006-07. That is my expectation.

Tim Barraclough: It is important to realise that if the bill is enacted we will need a new fee structure, because there will be a hierarchy of applications and different processes will apply to different kinds of application. The approach will not be simply to increase fees across the board; the entire fee structure will be examined and adjusted according to what is needed. I expect that major applications, which will be the largest and most complex to process, will be subject to a considerable increase in fees. The approach to local developments and the few minor developments that will still be required to go through the planning system will have to be considered in that context. We will have to consider the anticipated number of major and local applications and how fees should be adjusted to reflect the new hierarchy. The fee system will be completely restructured.

The Convener: You appreciate that the committee must consider a financial memorandum that says little about fees other than that there will be a new fee structure, as you said. Has modelling been carried out to examine the potential fee structure, including the fees for different types of application, and the costs of dealing with applications?

Neil Ingram (Scottish Executive Development Department): Modelling will form part of the work that we expect to carry out before we bring forward a radically revised fee structure. Currently, the maximum fee in Scotland is £13,000, which relates to the largest developments. It is likely that that figure will increase. The financial memorandum suggests a maximum figure of about £40,000. However, it is important to realise that only 2 per cent of applications currently pay the maximum fee and if the maximum was raised the percentage would be even smaller.

Neighbour notification will have to be covered by fees, because that function will be transferred to local authorities. We will have a better grasp of the costs, but the SSDP gave an initial estimate of between £50 and £93 per application.

The Convener: I presume that the fees would be higher for larger applications that would affect more people. For example, if the M74 extension was a single application, I presume that neighbour notification could not be carried out for £93.

Neil Ingram: No.

The Convener: Would objectors have to pay fees?

Tim Barraclough: There is no proposal to require objectors to pay a fee.

The Convener: Only applicants would pay fees.

Tim Barraclough: Yes.

Mr Arbuckle: The financial memorandum says that £2.7 million will be needed to implement the provisions on tree preservation orders. How will that money be allocated to local authorities? Will it be done on a headage basis or an estimated tree-count basis, for example?

Michael Lowndes: It will be for local authorities to decide how many staff with specific responsibility for tree preservation orders they wish to appoint. We must accept that the one full-time trees officer per local authority that is referred to in the financial memorandum would probably not only deal with statutory functions such as tree preservation orders but have wider responsibilities for the management of green open space and other environmental matters, for example.

Mr Arbuckle: So would the money be allocated to local authorities through one of the usual funding mechanisms, such as population?

Michael Lowndes: Yes. It would be funded following the grant-aided expenditure assessment on an unhypothecated basis as revenue support grant. It would be for local authorities to decide how they distributed those resources.

The Convener: It would be better to do the allocation that way, rather than base it on the number of trees per local authority.

Mr Frank McAveety (Glasgow Shettleston) (Lab): Where do the key agencies fit in under the bill? There is a reference to the role that key agencies will play in development plans. Will you give me a flavour of what the key agencies are?

Michael Lowndes: The key agencies are bodies such as Scottish Natural Heritage or Historic Scotland that planning authorities will have a duty to consult in the preparation of development plans.

Mr McAveety: How will those agencies' budgets be affected by the bill given that, in one or two cases, they probably have fairly tight settlements?

Tim Barraclough: We do not expect there to be a major impact on the key agencies' budgets, because, although involvement in development plans is not already a statutory requirement for them, we expect them to be engaged in that work at present. If those bodies had budgetary constraints, difficulties or requirements in respect of the new duties under the bill, they would have to negotiate with their sponsoring departments on what new resources—if any—might need to be added to help them to deal with those responsibilities. However, there is every indication that the burden on the key agencies will not be significantly increased from the current one, as they are already expected to perform that function.

Mr McAveety: Has any assumption been made about what a reasonable figure would be? For example, the Cairngorms National Park Authority has indicated that, although the financial memorandum does not suggest that there will be financial costs to the authority, it thinks that there will be such costs. Has any discussion taken place with its sponsoring department or with you about a figure for those costs and whether that is a reasonable assumption? Have any figures been given at all?

Tim Barraclough: We have no figures from any of the bodies. Normally, a body would contact its sponsoring department directly rather than speak to the planning group in the Development Department. However, we will consider the matter if the sponsoring departments contact us to discuss the bill's financial implications.

Mr McAveety: Has no sponsoring department raised with you any of the key agencies' concerns about the financial cost of the bill?

Tim Barraclough: There has been very little in the way of sponsoring departments coming to us in direct response to the bill. The agencies and their sponsoring departments are more likely to have discussed the matter as part of the agencies' financial settlements.

Mr McAveety: What is the "very little" that has come across your desk?

Tim Barraclough: I cannot recall seeing anything in particular.

Mr McAveety: So it is nothing, then.

Tim Barraclough: No, nothing directly.

The Convener: One of the assumptions that the financial memorandum makes is that businesses might save up to £30,000 per application due to earlier determinations in a more efficient application process. We have discussed some of the issues of manpower, funding and the complexities of implementing a new system. When is it realistic to expect that those £30,000 savings will be delivered?

10:45

Tim Barraclough: Those savings relate to the introduction of the planning hierarchy and the development management system for processing applications. We will have to consider exactly the best time to phase in the new development management system. We expect that to happen earlier than the full transition to the development planning system. I am not sure when that will happen, but I expect that within two years of passing the bill, the full development management system should be up and running to allow businesses to benefit from more streamlined application processes.

The Convener: In practice, businesses can expect significant increases in charges—Arup's research mentions increases of between 50 and 100 per cent—towards the beginning of the process. Notional savings will be made when the new system is up and running and has had time to settle in.

Tim Barraclough: The charges should come along at the same time as the switch to a new development management approach. The more efficient system will operate at the same time as a new fee structure is introduced, because the fee structure is meant to fund the more efficient system. It is proposed that major applications should be subject to a processing agreement, which will not only reduce delays in the system, but provide more certainty, so that businesses can plan more effectively for when they know that a decision may be taken.

The Convener: Is there a way to attach changes in the fee structure to proven improvements in the delivery process, so that businesses do not feel that they are paying more but not obtaining the expected rewards? Are you in discussion with businesses or groups of applicants about how the implied bargain can be delivered?

Tim Barraclough: For processing agreements, we propose that if, for a clear reason, an authority

does not keep to its side of the agreement, there should be an element of fee return to the applicant. That should act as an incentive for the authority to stick to the timetable. We continue to discuss with businesses and local authorities how best that can be implemented. We understand that if businesses are to be expected to pay considerably greater fees, they should receive in return a clearer timetable for a decision, and something should be paid back to them if the timetable is not kept to. That is one way in which costs may be recouped.

The Convener: So in a sense, businesses could appeal if a standard were not met in dealing with their applications. Could a more general performance measure that has teeth be put in place for all planning applications?

Michael Lowndes: We have in place performance targets for a range of planning applications. They are published each year in the planning audit unit report.

The Convener: I remember that Wendy Alexander said that several of those targets were not met over a long period.

Michael Lowndes: That is true.

Tim Barraclough: That is one reason why we are introducing the reforms in the bill. I know that Ms Alexander was referring to delays that related to major applications. Measures such as processing agreements are designed to tackle that problem.

The Convener: Wendy Alexander mentioned that a development plan—I think that it was for Motherwell—had not been produced for a considerable period. Will such delays occur in the future?

Tim Barraclough: Absolutely not. Local authorities will be under a statutory duty to update development plans every five years.

The Convener: Will penalties apply if they do not do that?

Tim Barraclough: We will not impose sanctions on local authorities, but a range of measures is designed to incentivise them to keep their plans up to date. We will also have a mechanism for investigating whether an authority's failure to perform its planning functions is systematic and a system for investigating why that is happening and for producing recommendations. That will be a form of audit procedure to identify where problems are occurring and what can be done to rectify them.

The Convener: The financial memorandum factors in an assumed efficiency saving of £335,000 across local authorities. To pick up the language that we have used in examining efficient

government across the board, will that represent an at-source reduction in the funding for local government that is linked to planning, or will there be an opportunity for local authorities to allocate money that is saved to other planning functions?

Tim Barraclough: It will be a matter for local authorities to decide how to allocate any savings that they achieve. The efficiencies relate to a change in the structure of development planning. We are stripping out a tier of development planning—except in the four city regions—and changing the structure for preparing a development plan so that it is more streamlined.

The £335,000 is identified as

“half a day per week for a senior policy officer in each planning authority.”

We will not prescribe how local authorities use any savings that they make; it will be for them to decide how to do that in relation to their planning functions more generally.

The Convener: The figure does not represent an amount that will be taken from grant-aided expenditure across authorities on a distributive basis.

Tim Barraclough: No.

The Convener: The national planning framework is one of the most important aspects of the bill, but there does not seem to be much in the way of financial quantification. It strikes me that, if the framework is to be effective, a considerable amount of specialist work will be required in the Scottish Executive and in larger local authorities—perhaps in almost all local authorities. Can you comment on that?

Tim Barraclough: It is envisaged that the preparation of the national planning framework will require a dedicated team. We provide an estimate in the financial memorandum of how much that dedicated team will cost. Another cost element that has not yet been fully factored in is the cost of all the consultation that will have to take place to ensure that the national planning framework is properly and thoroughly examined in public.

On the cost to the Executive, the small-scale team that we propose is probably how we will take the preparation of the framework forward. We will call in expertise as and when necessary. The extent to which we might need to adjust the estimate of the resources that we need to put in will depend a little on the passage of the bill. If there are any changes to the figure we will let the committee know, but at the moment the figure that we have given is our estimate.

The Convener: I am being a wee bit sceptical, but great things are being claimed for the national planning framework, yet a very small team of people has been identified. I presume that the

team does not include some of the top-level people in the Development Department, but I anticipate that, certainly in the design and early implementation stage, a fair proportion of their time might be taken up in dealing with the framework. Could you perhaps reconsider that point? There is a tension between the arguments that are put forward in respect of this aspect of the bill and the resources that appear to be attached to it.

Tim Barraclough: I am more than happy to provide further information, as you request.

The Convener: As there are no further questions from members, I thank the witnesses for coming along. We will prepare our report over the next fortnight; I hope that it will come to our meeting in two weeks' time for approval.

Item in Private

10:53

The Convener: The second item on our agenda is to decide whether to take in private at our next meeting and at subsequent meetings our draft report on the deprivation funding inquiry. Do members agree to that?

Members *indicated agreement.*

The Convener: The committee will now move into private to consider the third item on our agenda, which is our draft report on the Bankruptcy and Diligence etc (Scotland) Bill.

10:54

Meeting continued in private until 11:02.

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