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Social Justice, Housing and Local Government Committee

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Wednesday 18 November 2026

Session 7

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SOCIAL JUSTICE, HOUSING AND LOCAL GOVERNMENT COMMITTEE
9th Meeting 2026, Session 7

CONVENER

*Craig Hoy (Dumfriesshire) (Con)

DEPUTY CONVENER

*Julie MacDougall (Mid Scotland and Fife) (Reform)

COMMITTEE MEMBERS

*Steven Bonnar (Uddingston and Bellshill) (SNP)
*Gary Bouse (Falkirk West) (SNP)
*Kate Campbell (Edinburgh Eastern, Musselburgh and Tranent) (SNP)
*Mark Griffin (Central Scot and Lothians West) (Lab)
*Morven-May MacCallum (Highlands and Islands) (LD)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Ewan Anderson (Royal Incorporation of Architects in Scotland)
Dr Caroline Brown (Royal Town Planning Institute)
Fiona Campbell (Scottish Government)
Hannah Mary Goodlad (Minister for Public Finance)
Hazel Johnson (Built Environment Forum Scotland)
Paul Macari (Heads of Planning Scotland)
Clare Symonds (Planning Democracy)

LOCATION

The Adam Smith Room (CR5)

Scottish Parliament

Social Justice, Housing and Local Government Committee

Wednesday 18 November 2026

[The Convener opened the meeting at 09:30]

Deputy Convener

The Convener (Craig Hoy): Good morning. Welcome to the ninth meeting of the Social Justice, Housing and Local Government Committee in the seventh session of the Scottish Parliament.

Agenda item 1 is our selection of deputy convener. We will choose a new deputy convener because Thomas Kerr has resigned from the committee. I put on record my thanks and the committee's thanks to him for his brief work on the committee.

I refer members to paper 1, which provides background information on the process. The Parliament has agreed that only members of Reform UK are eligible for nomination as deputy convener. I understand that Julie MacDougall is the party's nominee for the post.

Do members collectively agree to choose Julie MacDougall as our deputy convener?

Members *indicated agreement*.

The Convener: We are now in safe hands.

Planning

09:31

The Convener: Item 2 is the final session in our series of stakeholder round tables. We will take a wide range of evidence in relation to the planning system, planning reforms, artificial intelligence data centres and local government reform.

I am pleased to welcome to the committee Dr Caroline Brown, director, Royal Town Planning Institute; Paul Macari, chief officer, Heads of Planning Scotland, which is the representative body for senior planning officers in Scotland; Hazel Johnson, director, Built Environment Forum Scotland; Ewan Anderson, director, Royal Incorporation of Architects in Scotland, which is RIAS for short; and, joining us remotely, Clare Symonds, chief officer, Planning Democracy, which is a campaign group that wants to ensure that the planning system operates fairly, inclusively and with due accountability.

You are all very welcome. As I said in private, if you wish to come in on a question that has not been directed to you, just raise your hand or signal to the clerk or to me. We will go around the table to bring in colleagues.

I have a question in relation to the programme for government, which includes a commitment to reform the planning system, to speed up processes and improve performance, with implementation from 2027-28. What changes would you and your organisations like to see? Given how slowly changes to the planning system have progressed in the past, is it possible to see them implemented by 2027-28?

Ewan Anderson (Royal Incorporation of Architects in Scotland): Good morning. Thank you for asking the RIAS to take part in the session. I have a minor correction: I am director of a practice, 7N Architects; I am not a director of the RIAS but a practitioner who speaks on its behalf.

As an architect, I see the process from a project's inception, through the planning process and right through to delivery. The key observation that I want to make this morning is that the issue is not necessarily planning; the issue is currently the whole system.

The RIAS is very supportive of the principles that were established by national planning framework 4, its ambition and all the good things that it includes about making our country's towns, cities and villages better places. However, projects not being viable is a huge challenge at the moment. We work across the private sector, across the public sector, with councils and with housing associations, and it is fair to say that every project

faces huge delivery challenges and a lot of them are stalled.

I checked yesterday: in the past five years, our practice has gained consent for 9,000 homes in Edinburgh alone, and every single one of those homes is currently stalled because of viability challenges. One of the principal reasons behind that is infrastructure issues. NPF4 is rightly very strong on the principle of having infrastructure first—you put in your public transport, you put in your civic transport, the development funding, the schools, the parks and all those things, which is the right approach.

However, our experience at the moment is that the system is no longer working when it comes to the things that development needs to fund in the public and private sectors. We are in the middle of an acute housing crisis, so that is a huge challenge, and it will be a challenge for more homes Scotland when it gets under way in the coming years.

There are two issues. Principally, there has been a huge increase in construction costs in the past five years—it is around 30 per cent—which is hitting every sector. Secondly, there is the increasing regulation, requirements and standards. I want to make it very clear to the committee that the RIAS is certainly not advocating cutting red tape and having a bonfire of all those things, a lot of which are important and necessary. A lot of them, such as increased fire regulations and increased standards for insulation and heating, are reactions to the Grenfell tragedy. Those are the right things to do.

However, if I were looking for one single thing to change the system, it would not necessarily be a policy, because, in a way, all the policy levers are already there. It is more to do with our perspective on what we are trying to achieve with all this. It is not really a silver bullet that we need, but more a silver telescope. How do we look at all this from a different perspective? My experience of being an architect for a number of decades is that, traditionally, planning acts as a gateway. You could say that it is a dam to control the flow, ensure the quality of what is delivered and ensure that it is in the right place, and protect communities.

Right now, though, there is so little flow in the system that the issue is how planning can be part of a whole-system approach that allows things to flow freely, irrigates the land in a way that encourages good stuff to happen and creates the kind of places we all want to live in and want our children to inherit from us, while still stopping the bad stuff. That means a change in perspective all the way through the process. For example, Edinburgh, where we do a lot of our work, has a brownfield-first strategy to discourage development in the green belt. That is the right thing to do, but it does not recognise that there will still be severe development pressure on greenfield or green-belt land, simply because it is much cheaper to develop. It costs more to develop brownfield land, because you might have to deal with contamination, get sustainable drainage to work on a tight site and, perhaps, install green-blue roofs, and it can involve denser construction and pile foundations. However, if the country is looking to build sustainable communities, we need a level of density, particularly in the cities, that sustains public transport, local services and everything else. Section 75s have a strong role to play in that.

As I mentioned at the start, it is not necessarily about new policy but about using the policy that we have differently, with a different state of mind. In Edinburgh, for example, if you develop an urban site next to the tram, you pay a tram levy. If you design a development with very low levels of car use and car parking, and predicate it on public transport, you pay a premium for doing that, but if you build on a greenfield site that is very low density and entirely served by cars, you do not pay anything. We could talk about fiscal measures to tune the market to doing what is needed by communities, but getting something like that through this Parliament or Westminster is a long, long road. Arguably, though, section 75s could be far more readily tuned to local circumstances by a planning committee or a council committee. My key point on behalf of the RIAS is to advocate for looking at a whole-system approach to meeting the challenges.

The Convener: I have a question before I bring in Mr Macari. With projects that are paused because of viability, are the developers finding out that they are not viable only after planning consent is given, or are they going through the process knowing that they will not lift shovels immediately after the consent is given?

Ewan Anderson: I am certainly not seeing developers wilfully going into the process knowing that it does not work, but the situation has got increasingly worse in recent years, and it now takes three or four years to get a major development through. The costs are becoming more acute, regulation and requirements are becoming more acute, and it is more expensive to borrow. In many respects, it is a perfect storm, and that applies to private sector and public sector development.

The Convener: We will come on to that point later.

Paul Macari (Heads of Planning Scotland): A couple of things spring to mind when we talk about planning reform and the programme for government. First and foremost, when we are

talking about planning reform, we are talking about evolution of the existing system, not revolution. We are not rewriting planning acts or NPF4. We have a system that has barely bedded in, and we need to find out how it works.

For any planning system or any planning act to work, you need to go through several plan cycles. Throughout my career, we have seen a wee bit of short-term thinking about the legislation, with constant planning reform. We had the Town and Country Planning (Scotland) Act 1997. That changed in 2006, and then there was another change in 2019, but the new style of development plans that came forward in 2006 never went through three or four cycles to find out how to get it right.

We now have a completely new planning system—one that responds to the many challenges that our country faces, such as the nature and biodiversity crises and the housing emergency. How do you design a system that continues to respond to the challenges that we have? I think that we have the system—the issue is how we make the policies work. I fully agree that planning is a whole-system approach. It is not just about one profession or one element of a local authority or the Government; it involves everything that is happening in the places where we grow up, live and evolve. We need to take that into account as we step forward. One challenge that the Government has set for this parliamentary session is planning for economic growth. When we talk about planning reform, that is not about wholesale changes. As Minister Goodlad has said consistently, it is about taking the sand out of the gears and creating efficiency in the planning system.

On the added value that planning brings and the time that is taken to deliver a consent, I think that everybody would say that the process needs to be quicker. However, 97 per cent of planning applications are approved in Scotland. What are the 3 per cent that are not being delivered? Is the issue of development viability down to the time that is taken to consent? Potentially, but I would say that it is also down to the fact that the cost of development has increased rapidly. With housing in particular, the cost of development has increased rapidly because of inflation, and the cost of infrastructure delivery has grown exponentially. People's salaries just do not match that or provide the ability to take on a mortgage for a house that costs £350,000 to £400,000 or maybe even £500,000. That is the viability issue that we have.

We had an opportunity through the infrastructure levy under the Planning (Scotland) Act 2019, but ministers decided not to implement that levy. That would have gone some way to providing the funding nationally to address the challenges that we have with infrastructure delivery and therefore the long-term viability of some of the more strategic and major sites. That would have contributed towards addressing the housing crisis.

For Heads of Planning Scotland, the themes for reform need to be about how we resource the planning system and about the whole-system approach. To be honest, most authorities in Scotland have enough planners. There are many pathways into the profession that are supported by the RTPI. However, we depend on other professions to inform the planning process, such as civil engineers through roads authorities and environmental health officers. The Scottish Environment Protection Agency requires flood engineers. We need to ensure that the consultees are resourced so that they can input timeously into the planning process to enable decisions to be made and so that development plans can be accelerated to meet the 2027 timeframe that the Government is working to.

09:45

On the digital aspects, many authorities in the country have a digital system but not one with end-to-end automation. As for the use of AI and the opportunity that it brings, we are starting to incorporate it into our practice; on the other side, communities are using such tools far more eloquently than we are, in both local government and national Government. To get through the volume of objections or representations that come in for a contentious housing development or an energy development is a significant task. Responding to those representations takes an enormous amount of time and resource, which slows down the process. I understand that digital tools are available that can be utilised nationally across all 32 authorities, as part of the reform process.

HOPS is working hand in hand with the Scottish Government right now on the digital planning side and on how we create a better front-end system to allow for greater interaction between communities and the industry in submitting applications.

Planning reform is a great topic: you can talk about it for hours, discussing the changes that you want to make to the system. The real thing for me, however, is about evolving the system that we have.

The Convener: The system as it stands today.

Paul Macari: Yes.

The Convener: Super.

Hazel Johnson (Built Environment Forum Scotland): Built Environment Forum Scotland

represents a number of member organisations. We advocate on the strategic issues facing the existing and historic built environment. From our members, we are hearing about three key areas that we would like to bring up today. One is increasing capacity. BEFS members believe that increasing planning workforce capacity will help to improve the quality and speed of decision making and will support progress towards a wide range of national outcomes, including in the realms of climate change, economic development, heritage, housing and wellbeing, against the current context.

We have wanted to bring improved access to specialist skills. The conservation officers group is a group of local planning authorities, with all 32 local authorities represented. It is a very engaged group, and its members regularly report major challenges in accessing the appropriate external expertise and specialist skills that they require to assess applications—for example, conservation engineers and conservation architects for cases involving potential demolition. That applies to planners, owners and developers as well. We are aware of plans from the Improvement Service and the national planning improvement team to address that by developing a talent bank, and we would be interested in hearing what support for that might look like.

In our manifesto, we have identified key asks: increasing provision for trained specialists to advise planning authorities on sustainability for the existing built environment; exploring the development of NPF4 into an interactive online resource—which is possibly stealing the thunder of my esteemed colleague Caroline Brown, although I am sure that we will speak more about that later; a commitment to investment in enabling pathways to bringing vacant and derelict land and buildings back into use at scale, recognising those assets as essential in addressing the housing and climate crises; and integrating heritage tourism activity into aspirations for community wealth building and action plans, which is a lesser point. Our members are keen to emphasise the points about vacant and derelict land, the use and reuse of existing buildings and the skills and expertise that are required to do so, and the need to allow planning authorities to make holistic decisions around the existing built environment.

Dr Caroline Brown (Royal Town Planning Institute): I will not repeat what others have said, as there is a lot of overlap and synergy between us, so I will just reiterate some of the headlines from the RTPI's point of view. Just to clarify this, for the benefit of the committee, half of our members are working in the public sector, and half work in the private sector, so we represent all parts of the planning profession.

The clear message that is coming from our members, which we would like to share with you, is not about reforming and rejigging the whole system, as Paul Macari said, but about making the system that we have work. As Hazel Johnson and others have alluded to, that requires skills and resources. I emphasise the point about having a well-resourced system, with people who have the right skills.

The underpinning digital infrastructure—having a digitally enabled planning system—is becoming much more critical, and it will benefit everybody. It will benefit people on the development side, it will benefit communities, and it will benefit the local authorities, which are making it work. That is really important.

Also important is the message about the system as a whole. Planners and our members do not work in a vacuum; they work with and alongside other professions that are critically important to delivery. Planning consent is one part of the picture. However, the supporting professions also need the resources to efficiently and effectively carry out all the activities that happen post-consent, whether in relation to section 75 agreements, contaminant assessments or other requirements.

The strong message is about making the system that we have work, allowing the reforms that were introduced 10 or so years ago, and the 2019 act, to work properly, and considering how we do that.

We know that some authorities are stretched and, in those cases they will tell us, "We're just able to focus on keeping things going. We can't do the stuff that adds value." To return to Paul Macari's point about the value of planning, good planning enables multiple benefits for Scotland as a whole: economic development, climate, net zero, health and wellbeing, cultural assets and environmental protection.

We need a planning system, profession and sector that has the resources to do that work. That part is, if you like, outside determining applications: it is about working with developers, undertaking pre-apps, preparing master plans and local place plans, and engaging with communities and developers to help to deliver things.

Clare Symonds (Planning Democracy): Good morning. Thank you for inviting me to give evidence to the committee. We represent the voice of communities. We are members of the Scottish Community Alliance. We try to represent the voice of the environment, too, and are members of Scottish Environment LINK.

I would not disagree with anything that has been said so far. As Caroline Brown said, there is a lot of synergy around the table, which is good.

I would emphasise that, if the committee is to do anything, it should make a priority of exploring how the community and environmental sectors can be better supported to contribute to the delivery of development. That means recognising them not just as consultees but as essential partners and stakeholders in shaping and delivering the positive change that we want to see. Ultimately, planning should serve the public interest. That means fully appreciating and scaling up what communities are already doing, such as community housing initiatives, community trusts and community woodlands. That is one point.

The second point relates to what other witnesses have said. We need to challenge the assumption that speed is necessarily a virtue. The prevailing assumption seems to be that speeding things up will make things better.

I would also highlight the focus on growth. The word "growth" is mentioned nearly 50 times in the programme for government. However, the solution to our housing crisis and environmental crisis is not to speed up the planning system by reducing regulatory requirements or weakening important environmental protections. In addition, it is rare for communities to be mentioned in these conversations, particularly the communities that exist and live in the places where development is being considered. I would like to focus the discussion on the quality of growth, the distribution of its benefits and the long-term interests of communities and places, rather than treating growth as an end in itself. The question is, what kind of growth do we want?

I would like to take a genuinely place-based approach to planning. I would like to see a shift from allocating land for growth to planning for local need. That would require housing and economic development strategies to be based on robust assessment of local needs, affordability, infrastructure, environmental capacity and community priorities, rather than simply setting targets for land supply or attracting investment. It would also make planning within climate and nature limits, and assessing the cumulative environmental impact of development, central to the strategic planning. That would include protecting and restoring ecosystems and so on.

That might be about measuring success differently, moving beyond the volume and speed of development and a focus on housing completions or whatever, and assessing whether a development is actually making our places better. It is not about removing democratic accountability, which some people might say is bureaucracy; one person's bureaucracy might be another person's democratic rights.

Others have talked about resourcing other professions, and I heartily concur with that, in particular with regard to ecologists and environmental and climate functions. Those are specialist services and they require a good deal of expertise; I think that they are underrepresented and need more funding in that sense.

The Convener: We come to the resource issue, with questions from Kate Campbell.

Kate Campbell (Edinburgh Eastern, Musselburgh and Tranent) (SNP): I thank all the witnesses. The session has been interesting so far, and there is a lot of food for thought for the committee.

Quite a few of the written submissions mentioned the question of recovering costs through planning fees to get better resourcing for planners. However, Paul Macari made the interesting point that it is perhaps about resourcing not so much the planning departments themselves as the statutory consultees. Clare Symonds picked up on that with regard to ecologists as well as SEPA, transport and other areas.

How feasible would it be to use some kind of cost recovery through planning fees to enable better resourcing of statutory consultees? In my time in local government, I had conversations with developers who were quite up for that, but that was some time ago and I know that there are more pressures now. In your view, is there still an appetite among developers to do that in order to speed up the process?

I know that Clare Symonds has reservations about speeding up the process, but I am also hearing clearly that, where we see a lot of delays in planning, that leads to inflation in construction costs, which is one of the big challenges. As long as we get it right, I think that speeding up is important where it is possible, so I am keen to understand the appetite for that among developers and whether it is feasible to resource the statutory consultees as well. Perhaps Paul Macari can start on that.

Paul Macari: I should say that, as well as being the chair of HOPS and the head of planning, I am the head of economic development and all the regulatory services in the council that I work for. With regard to economics, development and investment are commercial processes, so timing is crucial. There is only a finite window of opportunity for any investment or development to be viable, and then it becomes no longer viable for commercial organisations.

We do not deliver development as the Government or as local authorities in a true sense, with regard to how we are going to tackle the challenges that our country faces. We rely on the

private sector—the commercial bodies—to make such decisions and, unfortunately, commercial organisations will not make decisions to invest in development that is not going to make money. We have to remember that developments and investments are money, so speed is essential in order to deliver viable development and tackle the many challenges that our communities face, whether in job creation or in housing. We should never ignore the pace of development and the pace of consenting—it is really important.

However, to go back to what Kate Campbell said about income generation and how planning authorities use fee income, planning income is not ring fenced in any local government setting. I will give an example. Last year, the planning income for Aberdeenshire Council was around £4 million, which was £2 million ahead of what we had anticipated generating. However, that money was not reinvested into the planning service—it was used to address the deficit that every local authority has as a result of the funding gaps due to the increased cost of delivering services. Every authority has deficit reduction as part of its medium-term financial strategy, and everybody is planning how to close those gaps.

Do I think that the development industry would pay more for a faster and better-quality service? Yes. From our discussions with Homes for Scotland and with the industry it is clear that those involved—whether energy developers or house builders—would pay more for a faster and, as they see it, better-quality service that provided greater certainty and clarity in the timing of consents being issued.

10:00

The question is what we do with the fee income. Could that money be ring fenced, for example, as happens in other professions within a local government setting, to be reinvested in those services? It could be used for training or resourcing, or bringing people in, even on a temporary basis, to deal with the significant volume of applications that come in at specific times. It is not just about planning; we can look at building standards, for example. Every time the standards change, there is an influx of applications prior to the standards changing, on the basis that the consequences of developing with new standards can be quite expensive for a developer. Trying to get everything in ahead of time works, but it creates a capacity and resourcing issue.

For me, and for HOPS in particular, if there was a mechanism by which the Government could ring fence the planning fee income so that it would be reinvested in planning services, that would be welcome and would address some of the resourcing challenges that we face.

Kate Campbell: On that point, do you think that it is viable for that fee income to support statutory consultees and the type of external expertise that you say you need to feed into the planning system?

Paul Macari: It would depend on the level of fee increase that we were talking about. Statutory consultees external to the local authority are funded by Government. Right now, through the energy consenting process, a proportion of the fee that an energy developer will pay to the energy consents unit will go to statutory consultees such as SEPA and NatureScot.

Ewan Anderson: The key thing that developers are looking for is certainty in some form, even if the answer is no. Getting to the point of knowing that there is certainty in the outcome of the process is hugely valuable to them. It is a well-worn phrase, but we know that time is money, and it costs easily more than a seven-figure sum to put a major planning application together. That is primarily because of the amount of supporting technical information that is required, such as flood risk assessments, transport assessments and all that stuff. I cannot necessarily speak for developers, but with regard to early engagement with the statutory bodies, even at the pre-app stage, I would be surprised if they did not say they would rather pay the money for an extra level of certainty earlier in the process.

Julie MacDougall (Mid Scotland and Fife) (Reform): That brings us to what I was about to mention. We have talked about staffing issues and resources. This question is probably more for Paul Macari. What would you say is currently the key cause of the delay in applications for industry and businesses? What are the key areas that are causing those backlogs?

Paul Macari: It varies, and I do not think that we should always see the local authority as the cause of delay. We also have to look at the quality of the submissions that come in. Under NPF4, there are new development plans with different requirements, and a greater amount of detail needs to be submitted with applications, with a greater amount of supporting information to address the policy framework against which we now evaluate development. Industry is still learning through that process.

In addition, looking at energy, we have just had the Raeshaw decision come through, which shines a light on legislation versus practice and how we evaluate environmental impacts. To be honest, that is a bit of a game changer across the country, both for industry and for the public sector, in terms of how we determine applications.

All of those things cause the system to slow down as we start to understand what the

implications are. As a trained decision maker, which is what planners are, I think that, in everybody's mind, we have a 50:50 chance of getting it right. The truth of the matter is that there is no right or wrong in planning—there are reasoned, justified and procedurally correct decisions. However, a lot of the experience in planning authorities has dripped away. We have an ageing demographic and an ageing workforce, with people retiring or moving to the private sector, where higher salaries are available. A new generation of planners are coming through, but the confidence to make decisions sometimes eludes them, and that is where we get a wee bit of slowdown.

Governance schemes in local authority settings vary across the country. In England, a national scheme of delegation has just been introduced, and I do not think that HOPS would oppose such a scheme, because we are talking about how to move quickly. Sometimes, it takes time to go through an agenda cycle—I know that many of you around the table will have been councillors and have experienced that process—and some decisions are difficult to make because you have to visit the site or more information is required. We have a democratic local planning process and the public rightly voice concerns, but there is an issue around how we can start to speed things up.

Decision making is difficult, especially given the challenges that we face and the policy framework that we use. We will get quicker as we become more proficient in using the latter, but we can make some changes now—that is the evolution part. We do not need new legislation, but we probably need to change the way in which we make decisions and the processes that we follow.

Julie MacDougall: We will touch on data centres later, because they are a big thing, but, in relation to something that you mentioned there, I wonder whether there is a disconnect between local authorities and the Scottish Government that could be tightened up or whether any improvements could be made in our current framework in that respect.

Paul Macari: Everybody thinks that a development plan has to cover all eventualities and every type of development that comes through. However, a development plan is a snapshot in time. A lot of evidence is pulled together to create it and the policy framework, but industries or places continue to evolve, so development proposals that come forward do not necessarily align with the policy framework. That is where planning judgment comes in. There is provision in the Planning (Scotland) Act 2019 for material considerations to justify our departing from the development plan to either approve or refuse planning permission.

Data centres are probably a good example of that. A loose policy framework in NPF4 fits data centres, but the decisions that we need to make are dependent on material considerations. Again, it is a confidence thing—whether we approve data centres or refuse them, are we willing to go through the process of making decisions that might be legally challenged by communities or the industry? That is part of the challenge, but it does not mean that a disconnect exists between local government and the Scottish Government with regard to the policy framework. We are all aligned with it and moving quite quickly to find solutions.

HOPS meets fortnightly with the Scottish Government, the chief planner and the team. In addition, we are embedded in the process of creating new guidance, whether it is for local development plans, data centres or environmental impact assessments. We are heavily embedded in and aligned with the framework, and we work as a team.

The Convener: I will bring in Dr Brown in a moment. I am always reserved about using anecdotal evidence, but, in relation to how planning teams work around the country, a developer and architect put it to me that, post-Covid, much less face-to-face engagement with planners has been taking place, particularly in the pre-application phase. As you have said, that then impacts the quality of the submissions that come in. Would our getting back to planners working in the office or the council headquarters, where they are accessible, help to iron out some of those issues and potentially speed up the process? Might there be less retrospective amending of applications that have been formally lodged?

Paul Macari: We will have to look at the matter and word it quite carefully, because the resourcing issue is real. It varies across the country, but some planners work remotely and therefore rely on having a virtual presence. They visit their area maybe twice a week or twice a fortnight, to carry out site visits and have meetings. The Scottish Government has new ways of working whereby we work and manage our teams online and make our decisions virtually. Planners being in the office is not necessarily the be-all and end-all of the planning system—it is not a silver bullet. That is no excuse for planners not getting around the table, though, and there is no reason why we cannot have virtual calls to address some of those issues, especially around the pre-app matters.

As I said, practice varies across the country. Speaking on behalf of HOPS, I note that the majority of teams come together once or twice a week and that officers are in and out of the office. You should remember that development management planners should not be in the office 24/7, because there are site visits to be carried out.

If they were not on sites to experience them physically, how could they possibly write up recommendations for approval or refusal? They need to see what is on sites and then use their planning judgment to make detailed evaluations of proposals.

There are, however, no excuses for not speaking to and engaging directly with the development industry. I think that I speak on behalf of all heads of planning in Scotland in saying that we advocate that across our services.

The Convener: That is good to hear. I will not say which local authority put it to me that planners used to pick up the phone, pre-Covid, but do not do so now. I think that that would cause frustration in the industry.

Paul Macari: Yes, certainly.

The Convener: I see Mr Anderson nodding furiously.

Dr Brown: Some of the issues to do with speeding up the planning system, making things more efficient and resourcing are not unique to Scotland and the Scottish planning system. If we look outside Scotland, we can also see them elsewhere. Paul Macari mentioned the national scheme of delegation in England, which is one approach.

I am privileged to work in Ireland as part of my role, and all the decisions that would be made by development management planners in Scotland are made by planning officers in the Irish planning system. None of those decisions go to planning committees, because that is not how the Irish system works. In Ireland, elected members in local government are heavily involved in plan making, but they have no role in individual planning applications, because those are determined in line with the plan. Ireland also has a better-used judicial review system and third-party rights of appeal, so its system has a very different flavour.

The need to improve and reform planning in order to deliver more development is not unique to Scotland and it is not caused by the particular quirks of our system. It is caused by structural things to do with the economy, the cost of development, time, resourcing and skills, which are common factors.

Paul Macari's points about statutory consultees and the other professions that are needed to take things forward were well made, as was his point that there is no single cause of delays. In some authorities, delays are to do with resource. For example, there might not be enough planners to provide a good pre-app service in order to get better-quality applications through the door, which are easier to determine. In some places, there may be issues around the role of elected members and an appetite for lots of discussion at committee on even quite small schemes, which can create its own programming or timetabling issues. In other places, really good processes and structures are in place but applications might still not be great, and the planners will say, "If only we'd had a pre-app discussion about this, we could have ironed out lots of the problems".

As somebody once said, nobody can live in a planning permission. On the planning side, we can get the consents in place, but we do not control the delivery part, which can be problematic. Geopolitical, macroeconomic factors are at play that change the costs of development in and around the system, and they are completely outside our control. We need to recognise that they are sometimes the cause of delays. We heard earlier about some sites in Edinburgh that have stalled because of those ongoing costs.

The challenges are complex and they are not unique to Scotland. It is worth looking at other places and at how other systems are responding to the challenges, to see what we can learn.

Hazel Johnson: I support what Caroline Brown says. There are delays due to lack of access to the right information, the right skills and the right advice at the right time, not just at the pre-application stage, but also in relation to other specialisms and statutory consultees. That is a pipeline issue, but it is also an investment issue in relation to skills and resourcing.

A lack of access to the right consultees can exacerbate delays in already stretched local authorities involving the conservation officers group. That term is actually a bit of a misnomer, because very few of the officers who are represented there are conservation officers. Their skills are needed in order to determine planning applications, and they share knowledge and information, so a lack of access to them can exacerbate delays.

10:15

Mark Griffin (Central Scotland and Lothians West) (Lab): I have some questions about local development plans, but I will first ask a little supplementary question. Caroline Brown, you raised the issue of schemes of delegation. Is it time to review schemes of delegation and the level of authority that we give to our planning officers? They go through years and years of training and then we will sometimes strip away their authority for a relatively small-scale application. Should there be a review? Have you seen the schemes of delegation in all our planning authorities? If so, are there any particular planning authorities that have reached a better balance than others?

Dr Brown: That is a difficult question to answer, because I certainly could not comment on an individual scheme of delegation. I know that there are varied schemes of delegation, and the institute would generally support schemes of delegation that give responsibility to planning officers who are trained to make planning decisions and are able to look at applications, particularly the smaller ones—the householder ones and the small-scale ones that are not controversial. Those applications should probably not take up committee time, which is instead well spent on large applications and the applications that court a certain degree of community engagement, if you like, for which it is important that community voices are heard and there is proper discussion.

We would definitely support a review of the schemes of delegation, to ensure efficiency in decision making and to give planning officers the autonomy to make those decisions. However, the level at which that should happen is a fine balance to reach.

Mark Griffin: Thank you.

My more substantive questions are on local development plans. I will come to Paul Macari first and then perhaps Clare Symonds. How are local place plans feeding into local development plans? Are they having an appropriate influence on local development plans? Is there anything that we should recommend to the Government that would give local place plans more prominence in local development plans?

Paul Macari: Local place plans are treated as material planning considerations, and they are being taken into account where they are in place—for example, in the collation of evidence reports and then as authorities move through the gate check and on to the development of the proposed plan. As more local place plans come to the fore, they are being included in the evidence that forms what we call settlement statements. So, there is NPF4, which is the country's development plan; there are local policies in local development plans, which do not replicate the policies that are in NPF4 but supplement them; and there are then settlement statements. That is how local authorities see how places will evolve over the plan period, based on all the evidence that is collated. Local place plans are being taken into account.

Our biggest challenge is not necessarily whether local place plans will be taken into account; it is the capacity of communities to actually develop them, which comes down to resourcing. That relates to points that were raised in response to the previous question. My team in Aberdeenshire provides services to other councils that face challenges. For example, because Aberdeenshire is at the forefront of the energy transition, I have a dedicated energy team, which will provide support to other councils as and when required. It is the same with local place plans. Aberdeenshire Council now has a dedicated resource to work with communities to help them to strengthen resilience and their own resources, which will help them to develop local place plans. Those communities will have a vision for their place that can be incorporated into the local development plan as it goes forward, and that will be taken into account as a material planning consideration when development proposals come forward and when we determine whether those applications should be supported. However, not every authority is in a position to have such a dedicated resource that allows it to work with communities to develop local place plans.

The answer to your question is that, if there is a local place plan, it will be taken into account. Local place plans are part of the Planning (Scotland) Act 2019, and we must take them into account in the formulation of new development plans and as material planning considerations when we make decisions. However, the issue is not whether we take local place plans into account but whether each community and place is able to have one. It is also a question of the timeline for establishing them.

Mark Griffin: That leads on to my question for Clare Symonds. What experience does Planning Democracy have of supporting communities to develop local place plans?

Clare Symonds: We do not have the resources to help people. I think that about 88 local place plans have been registered so far, and we have been doing some work with the University of Glasgow, which has researched the effectiveness of local place plans to date. We need time to work out the extent to which the plans fit in with the local development plan process and so on.

One of my questions is this: what does "take into account" actually mean? People are putting huge investment into the local place plans. Somebody said that three years of their life had been dedicated to one. What is it for? What does it mean for the plans to be taken into account?

One basic recommendation that came from the research that the University of Glasgow masters students did was that there should be an online repository for local place plans. There is also a need to prevent the postcode lottery that leads to people in the Borders being offered £50,000 to do a local place plan and others getting nothing. Another recommendation is to give the plans teeth and make them part of the statutory development plan by requiring developer conversations pre-application to be had with people who have gone

to the bother of putting themselves forward for such work, because they are now answerable to that community. That came through strongly in the research, with those people now being looked to by their communities and asked, "Well, what's happening?" They feel almost responsible for actually delivering what is in the local place plan. They have no rights, but they feel that they have a lot of responsibility. We should give community bodies that have completed a local place plan a right of appeal if the planning decisions depart from the plan.

I have a small point to make on cost recovery. If we are talking about full cost recovery for planning, does that mean that the developers are seen as key customers of the planning system and that all the cost recovery should go into services to help them? Can we not instead put some of the finances, which I think need to be public funds, into helping to resource communities to engage in planning, deliver on their local place plans and become part of the delivery agencies? Can we not have more faith in communities' ability to deliver development themselves by helping to fund that, exploring that and scaling up what is already being done?

Ewan Anderson: I have quite a lot of experience of local place plans and think that they are critically important to delivering a lot of the ambitions that are embedded in NPF4.

We were involved with much of the Government's charrette pilot series and worked with Loch Lomond and the Trossachs national park. The first charrette that we did was in Callander. We established with local people a vision of what they wanted their place to be in 30 years' time. Interestingly, it started off as almost a campaign against development, but, when we broadened the discussion and engaged with people from the local high school, they said, "Well, where are we going to live? Are we going to be able to afford to live here? We're a national park. Where are our jobs going to come from?" It ended up leading to a very positive plan for the town's growth in response to development pressure, actually making it more what you would now call a 20-minute neighbourhood. That was then embedded in the local plan.

I understand that there are huge funding challenges. The Loch Lomond and the Trossachs National Park Authority is funded differently from our local authorities—it has more resource, I have been told. Nonetheless, the pilot is based on the principle of turning community engagement into the thing that drives the agenda for the future of the place, rather than the current common system in which engagement is the community reacting to a proposed plan. As such, it places the agenda for the future of that place as a brief for the planning process, which is the mechanism that then delivers on that.

An important component of that, which has come out of my experience of doing these things, is that, once you have a clear idea of what a community wants a place to be in the future, every resource can, from then on, be focused on delivering that objective. At community events, I often find myself saying, "Now you've got the vision, what could you do next week if you did not have any more money, simply by being able to co-ordinate every resource towards a common goal?" I also say, "What could you do next year if you had a bit of money?" and, "What could you do in five years' time? You could build a new bridge, which would open up development south of the river by the high school."

I fully appreciate that trying to do that at a city scale rather than at a town scale is a very different undertaking. However, if we look at the cost of doing these things in the context of the gross domestic product of a place such as Callander over a 30-year period, we see that it is a very small amount. To have a plan that captures the hopes, dreams and needs of the community for the future, it is a tiny amount of money, so surely there must be some way of funding it.

However, I echo the point that Clare Symonds made—it is a bit of a lottery. It comes down to who applies for funding, and some communities are better able to apply for it than others. The other week, I was on an engagement call organised by the planning directorate about local place plans and I found myself among several other representatives of community councils, some of which had funded local place plans. There was also a woman from Paisley whose community council did not have any funding, so they basically did it themselves.

In the context of the cost of running a town, it is not a lot of money. The question that we need to ask is, what is a purpose statement and what is a business plan for this place for the next 20 or 30 years? The biggest requirement is that it should capture the energy of the people who live there and direct it towards a common goal. That could be incredibly powerful if it is rolled through the planning process.

Mark Griffin: I appreciate those answers.

On local development plans themselves, perhaps Caroline Brown can start and we can then go round the table.

Do you think that the Government is going to meet its ambition that those plans will be ready and in place by 2028? What might be the impact of not hitting that target, which would leave a number of

authorities with local development plans that are out of date?

Dr Brown: Very simply, my answer is no—I do not think that that target is going to be met. That is clear at this point. With regard to the impact, we have NPF4 and other policies in place, but it is problematic for everyone to have plans that are very much out of date, and I do not see any silver bullet for how we fix that.

Paul Macari is probably best placed to answer that question. How we support local authorities to get their plans through the new system is a real worry for us, as Paul mentioned.

There is some really good work going on with the national planning improvement champion and the planning hub, and with the Scottish Government and stakeholders. I was at a full-day conference and workshop hosted by the national planning improvement champion to bring people together to talk about the issues and to share good practice and their experiences. I am not convinced that that will be enough to bring us all on to the right timetable, however, because it seems to be too difficult at this point.

I do not know—perhaps Paul can say something about that.

Mark Griffin: I was not wanting to pick on Paul, because everybody seems to be hitting him with any questions on planning issues in local authorities. That is why I said that we should go round the table. I do not know whether Hazel Johnson has anything to say.

Hazel Johnson: I do not have a great deal to add, but I would echo the positives around the improvement hub and so on. I go back to the capacity issues, and I agree with Caroline Brown—we are hearing that the timescale will probably not be met. Local authorities feel that additional burdens are being placed on them when they are already stretched.

10:30

The Convener: There is no pressure, Paul.

Paul Macari: The answer to the first part of the question is no—not all 32, or 34, authorities will have their LDPs in place. Some will—some are at a fairly advanced stage. We have seen the councils in Glasgow and Midlothian submit their proposed plans, and I think that Moray is just about there as well.

Looking at the plans, they are a new style of plan, and we will see how the examination goes. If they are approved, that sets a milestone and also provides an element of learning for the other authorities on the process and how to follow it.

There are economies of scale that could speed up the LDP process. For example, we do not need 32 authorities to have 32 different householder development policies. We only need one for Scotland, because surely an extension in Glasgow, for example, is the same as an extension in Aberdeenshire. There are elements on which we need to come together and align, and recognise the synergies in what we are trying to do across the different policy portfolios. Equally, we then need to look at how that can be used to accelerate the generation of plans. We also have to recognise that NPF4 sets the overall development framework for Scotland, and that the policies in our local development plans are very much supplementing, and not replicating, what is already there.

Once we get through the evidence report and the call for ideas, and we all hit the specific stages, we should be able to accelerate to the point at which we create a proposed plan, but we also have to take into account the democratic process and the governance. Different authorities have different set-ups. I need to take my proposed plan round six area committees and a policy committee, and then on to full council. Other authorities will, once a proposed plan is written, go straight to full council and then on to the Government for examination. It will vary. We will not all get there in 2028; we will probably find that the majority of the country gets there in 2029 and some will extend into 2030 but, for the most part, we will get there.

When it comes to decision making where there is an out-of-date local development plan, again—as Caroline Brown rightly said—NPF4 is there, and that will be our guide through the process. However, there are also material planning considerations to take into account. If you have a proposed plan, depending on the materiality and the weight that you place on that, it would obviously trump your previous plan, which would then become outdated. You would then use NPF4 plus the materiality of the proposed plan to make your decisions going forward.

The experience with NPF4 is different from when we had the Scottish planning policy, which set out clear criteria in this type of situation for making decisions on planning applications when an authority did not have a local development plan in place. I think that, as local authorities, we are more encouraged by the fact that we still have an extant development plan, in the form of NPF4, to guide decisions in the event that the local development plans are not in place. I do not see the situation that Mark Griffin described as being a barrier to development or as something that will cause an increase in delays. However, it will be interesting to see the number of sites that are due to be allocated in proposed plans that come forward sooner because of the potential for delays.

That is a commercial decision that developers face when they are drawing down options with landowners on their sites.

Mark Griffin: Is there anyone convening that work to identify areas of commonality that can be found to speed up those plans?

Paul Macari: Within HOPS, we have different sub-groups for the different policy and development areas in planning. The LDP group in particular is working through questions of how we create synergies and develop shared knowledge and learning so that we all move together as quickly as we possibly can.

Again, we have input—as Caroline Brown highlighted—from the national planning improvement champion and the planning hub, and from the Scottish Government as well. We have regular summits with the environmental appeals division—the reporters unit—of the Scottish Government planning directorate to understand the process that it will undertake through examination, so that if there are any pitfalls that might be unknown to us, we are aware of them and can incorporate that into our thinking as we develop our proposed plans.

There is a fairly collegiate approach to how we do that and start to move forward at pace. All 32 authorities are very much aligned on meeting the deadline. We recognise the aspiration of Government and of our communities, and the benefits that an up-to-date development plan brings for how we deliver a high-quality planning service and how we meet the needs of industry and of communities.

The Convener: Mr Anderson, do you want to come in?

Ewan Anderson: I do not have any comments to make on that issue.

Mark Griffin: I do not know whether Clare Symonds wants to come in.

Clare Symonds: I do not have too much to say, but, from a community perspective, planning is complex—necessarily complex, because it involves making decisions about what people do with land. The process should not be hurried through, because the plans will last for 10 years or longer—they have a long trajectory.

I also went to the local development plan day with the Improvement Service, which was enlightening. The Improvement Service said that a good example of how such plans can be produced is in Angus, where there has been a lot of consultation and a lot of work with agencies to ensure that there is a well-thought-out plan. It will be one of the last plans to be produced, but it might be one of the best—who knows?

On how long it takes for planners to produce plans, communities usually have three months to comment on a local development plan. In the case of Glasgow, communities have to get their heads around a 612-page document, thousands of background reports and a 300-page delivery plan. We have been trying to help them with that, but it is really hard for them. We should bear in mind that communities also need time to deliver the plans, so we should not overly rush the process, although I appreciate the problems with having out-of-date plans.

The Convener: On that point, members of the community in Moffat, in Dumfriesshire, told me that, although they fed intensively into the previous plan, absolutely nothing has happened, so their appetite for going through the process again is restricted. Is that a fair criticism?

Clare Symonds: I would say so. Another issue is that people have been expected to produce local place plans at the same time. Which plan are they going to engage with—a local place plan or a local development plan? That has been a challenge for some communities. People do not spend their lives thinking about planning. It involves a completely new way of looking at things, and people need to learn a new language. Resources to help planners to communicate plans to communities would be very welcome, although I cannot see them being provided.

The Convener: The deputy convener wants to ask a question.

Julie MacDougall: As a councillor, I have been involved in working with communities on local place plans, which Clare Symonds, Caroline Brown and Ewan Anderson have touched on. The process is complex and time consuming, but it is worth while. I fully agree that, once the plan is in place, it is an amazing thing for the community to build on. I highlight—not just to Paul Macari—that it is important that communities get support, which has been mentioned, because the process is time consuming.

Should we consider new national guidance on brownfield land and derelict buildings while we are considering public sector reform? Would such guidance be of use? We touched briefly on that issue earlier.

Ewan Anderson: It would depend on what was in the guidance. The key point, which I made earlier, is that brownfield land is inherently more expensive, and stalled sites are stalled for a reason.

I have been working with Architecture and Design Scotland on a pilot project in Kilmarnock, as a precursor to more homes Scotland. It is very difficult to get city centre sites there to work,

because their value might be less than the cost of developing them.

However, Kilmarnock is a place that has a fantastic town centre regeneration vision. With a lot of these sites, the civic benefit of bringing them back to life is greater than the commercial value of the land. If there were a brownfield strategy, it would be good if it recognised that.

Recently, I have been involved in conversations about the value of housing beyond the cost of the home. What does it deliver in economic and social terms, if it is good-quality housing that helps a whole range of wellbeing and health issues? If you look at that in the broader picture, the soundest and most sustainable investment that you can make in new housing is to build good-quality homes that last for decades and do not get knocked down—build well, build once. The extra dimension to that, in particular with brownfield, is that a lot of projects are stalled—the private sector will not deliver them because they do not stack up, but they could be hugely important to a neighbourhood or a community. Is there a way of factoring the other social and economic benefits into the consideration to help get them going? There are acute issues with that in a lot of towns around the country, and Kilmarnock is an example. If there were guidance on brownfield, it would need to recognise the viability context within it.

Steven Bonnar (Uddingston and Bellshill) (SNP): Convener, I would like to follow up on that point, and I thank the deputy convener for bringing it up.

Ewan Anderson, in your first summation, you pointed out that protecting the green belt is the right thing to do, even though it is more cost effective to build on. I am glad that you established that, because it is important in communities, particularly in the community that I represent in Lanarkshire, which has one of the biggest vacant derelict land sites in Europe—the Ravenscraig—which is now in the sights of AI developers. Is there one most practical way to bring these sites back into habitation and use? The deputy convener talked about a brownfield strategy. Is there any other way that we can stimulate these areas into becoming good long-term social housing opportunities?

Ewan Anderson: There are two things. First, the current challenge is that, if you refurbish and retrofit buildings, you pay 20 per cent VAT, but you do not pay that for new builds. That is a UK national tax issue.

The other thing, as I said earlier, is that brownfield sites, particularly small ones, are far more expensive to develop, because the construction is far more expensive. Perhaps there could be some way of assisting with the funding of developing those sites; I am not talking about subsidy, but a lot of the real challenge lies in the fact that borrowing in the open capital markets is very expensive at the moment. For example, in its model, Homes England stands behind and guarantees 50 per cent of the risk. That completely lowers the risk profile of the investment and brings in more risk-averse patient capital types of investors, such as pension funds, and that changes the whole picture. That model does not cost any money, but it requires a Government body to effectively stand behind it, whether that is the Scottish National Investment Bank or whoever.

When I was talking about the whole process, it is about thinking through these things. It is all very well having a planning policy and saying, “Here’s our regeneration strategy for Kilmarnock, and we identified these as being the key sites”, but unless there is a process that helps to deliver them, the strategy will be of limited value. Our practice does a lot of master plans, and we keep saying that a master plan has little value unless it is aligned with a development strategy, because otherwise it is just a piece of paper that sits in a drawer. That is the bigger question right now. In a lot of towns around the country that have seen better days, town centre regeneration is the biggest challenge.

It needs creative thinking about how the funding challenges might be eased. I am suggesting not subsidy but that we look at the funding of the infrastructure in particular. It is called the abnormals cost, which is basically what is below the ground.

10:45

Morven-May MacCallum (Highlands and Islands) (LD): I thank all the witnesses for their contributions. I had a long list of questions but, as we have gone along, they have answered many of them. It has been fascinating.

I will pick up on what Dr Caroline Brown, I think, said about land banking. How severe is that issue, and what could the committee do to try to rectify it?

Dr Brown: I do not think that I said anything about land banking.

Gary Bouse (Falkirk West) (SNP): You should have.

Dr Brown: Did I?

Gary Bouse: No, but you should have.

Dr Brown: Should I have? I will take that note away with me.

I cannot comment on how severe land banking is. Homes for Scotland is probably the body that

would be able to answer that question. Certainly, it is important that the development industry has sites that are available for development and that it brings them forward. Of course, in a system in which we rely on the market to provide housing, it is perfectly rational for those economic actors to think about their profit and bring sites forward in a way that makes their business sustainable.

Volume house builders—market house builders—make a profit. That is their business. They cannot build houses without making a profit, so we have to be careful about thinking that it is necessarily problematic that land banking happens. We must also recognise that, in a system that relies on the market to deliver housing, we have to live with that.

As others have mentioned, the David Hume Institute has done some good work on the idea of housing as infrastructure. That is important. It relates to the role of the public sector in providing housing as well as the private sector.

Paul Macari: Land banking is a thing of the past, to be honest. One of the biggest house builders in the country has gone to the wall in the past five years. A number of sites across the country then entered the market again. That was partly because of land banking, so I do not think that it is necessarily a significant issue. However, Caroline Brown is right: land is the raw material for house building—you cannot build houses without it—so a house builder has to have that strategic supply.

The new local development plan process gives local authorities the opportunity to examine historical allocations and take deliverability into account. Therefore, if there are sites that have been allocated over successive plans that are not being delivered, the authority is well within its right to discount that allocation and say that, as it allocated the site for the past 10 years but it has not been delivered, it is no longer viable in terms of its strategic plan supply for its housing targets. We then move on and that site does not get rolled forward into the next plan.

Authorities all over the country are now doing that. Do not get me wrong. If a house builder has land allocated and has not yet implemented it, that acts as an incentive for them to implement the plans and get moving on the land.

The Scottish Government has done some great work on reforming our compulsory purchase regulations as well. That means that, where land is available and viable but owned by a house builder and not coming forward, we can go down the route of a compulsory purchase order to ensure that the site is delivered. There are many tools in the box. We might not have used them in anger yet, but that will come in due course.

Morven-May MacCallum: That is helpful. Thank you.

The Convener: Hazel Johnson wants to come in on that point as well.

Hazel Johnson: I want to go back a bit and speak not specifically about land banking but about existing buildings, housing being recognised as infrastructure, and guidance on brownfield sites. In a complex and often competing policy landscape, I definitely encourage and support anything that provides opportunity for alignment with the whole-systems approach that we have been discussing.

I note the cross-portfolio value of bringing empty buildings and vacant land back into productive use in villages, towns and cities. That value is considerable and often underappreciated. On that point, you may be aware that the vacant and derelict land task force—I have to put my teeth in to say that right—which is a collaboration of 30 bodies across the sector, led by the Scottish Land Commission and the Scottish Environment Protection Agency, investigated the challenges that inhibit progress, especially on smaller sites. The task force produced a report a wee while back, in 2020, and noticed that there were 11,000 hectares of vacant derelict land and buildings in urban Scotland. An interesting statistic is that that is roughly twice the size of Dundee.

Morven-May MacCallum: That was really interesting. I am curious about something in relation to NPF4.

I apologise, my enthusiasm got ahead of me again—I should say before I ask my questions that I am a councillor and I have done some things with planning.

I go back to what NPF4 says about the principles of 20-minute neighbourhoods. In the Highlands and Islands, a lot of proposals for houses are rejected because they do not fall within those criteria. However, the landscape of the Highlands does not always marry up with those principles. Is this flexible enough for rural areas?

Paul Macari: Authorities do not necessarily look at the provision of 20-minute communities unless they are in a dense urban setting. We must recognise that living well locally is key. Rural housing is massively important to support our rural economy. If people are not in the right place, how can they support those rural businesses?

The policies do not necessarily conflict with each other. We must evaluate and pick a policy relevant to the development, rather than throwing the kitchen sink at it. The 20-minute community policy is right for urban settings and we can adapt it as we go towards rural settings. We must develop a consistent interpretation of what the policies mean.

Part of the challenge of introducing a new policy framework is consistency of interpretation—not only in one local authority area, which can be difficult, but in the whole country.

In this instance, there is suitable flexibility in the policy framework to allow for that. Accessibility and connectivity are key issues that need to be addressed in rural housing. Sometimes, developments are proposed that are not accessible or serviced and, as a result, we get to a point at which we ask whether it is sustainable development. That is the more pressing issue. However, based solely on the 20-minute community provisions, the policies within NPF4 do not prohibit rural development.

Ewan Anderson: I echo what Paul said. The policy is fine—it is just that you need to interpret it sensibly.

Morven-May MacCallum: It is interesting to know that. As I said, in the Highlands and Islands, proposals for houses are being rejected because they do not fall within those criteria. I wonder whether the issue is the interpretation of the policy, rather than the policy itself.

The Convener: Do you have any further questions?

Morven-May MacCallum: No—they have all been answered, thank you.

Kate Campbell: I want to pick up on something that Hazel Johnson said about a lack of conservation expertise in planning departments. In my constituency, there is a listed building that, over 10 years, I and the community have watched fall into disrepair. We have repeatedly raised with our planning department the issue that, although the community group has a conservation-accredited engineer, there is not one at the council. There has been a fundamental disagreement about what it is possible to do with the building and what conservation should be achievable. There are other listed buildings across my constituency, and others may know of more, that we are watching deteriorate slowly—but the planning system does not seem to have the teeth to save them. Do you have any views on that and on how we could share that expertise?

Hazel Johnson: Without knowing the specifics of the case—

The Convener: It is a cinema, is it not?

Kate Campbell: Yes, it is the George cinema in Portobello.

Hazel Johnson: There are a couple of aspects to the issue. One might be the interpretation of policies; for a specific building, ownership is also an issue. Caroline Brown might be able to give more clarity about that.

For full transparency, I am not a planner. Nonetheless, I think that ownership and enforcement, and compulsory purchase, are all things that local authorities are not really set up to be supported to do. Is that potentially a fair statement?

Dr Brown: I think that it varies. The resource and the skills that are available vary enormously between authorities.

Hazel Johnson: Yes, and what happens to a building will, therefore, invariably vary.

With regard to the advice that is provided, and a community's appetite for saving a building, that is very much down to the interest, capacity, knowledge and energy in communities themselves. I know the building that Kate Campbell is talking about—I have been inside it and poked around up in the projection room. It is fantastic.

Kate Campbell: Yes, it is.

The Convener: We now turn to two of the more contentious issues, including, very briefly, local government reform.

By my calculation, the Government is now proposing between six and 10 regional authorities, where I assume that major strategic planning decisions would be taken, and between 120 and 160 local councils. There are 255 council wards in Scotland, so the new councils would, broadly, be made up of two council wards.

I will quickly go around the table and see if anyone has any thoughts in relation to that. It is clearly an opportunity, and potentially a great threat, to the planning process. Paul, I do not know if you have any thoughts as to which way the Government is going and should be going.

Paul Macari: We will see what comes. Change in a local authority setting has been ever present over the past 26 or 27 years. From a HOPS perspective, we have a planning system and we know that it works. We have already gone through regionalisation, with strategic plans that set the framework for how regions would develop and what the spatial strategy would be. We know that we have the tools and equipment to do it; it just comes down to what form it takes.

We have been resourced to deliver on a strategic level, and I think that if we needed to rewind, we could do so. Equally, there are already models that reflect some of the Government's thinking, especially around national parks and the ability to call in applications, and working across different authority areas with different types of development plans. We already do that in some forms throughout the country, and we have done it in the not-too-distant past. I do not think, therefore,

that public sector reform at a local government level and what that means for planning is going to give us too many concerns to the extent that the planning system would stop.

The Convener: Does anyone else have any thoughts on local government reform?

I see that no one does—that is fine. We will light the main touchpaper now, on AI data centres. I am aware that the Scottish Government—

Oh, sorry—I see that Clare Symonds has a comment. Did you want to come in on local government reform, Clare?

Clare Symonds: It is just a quick comment. We would like to see power devolved down, and not consolidated up with regional planning making all the decisions on major applications. I want to highlight a report that I was reading this morning: "Saving money by doing the right thing—Why 'local by default' must replace 'diseconomies of scale'", by Professor John Seddon, who uses the vanguard method. It is about public service reform—I think that it fed into the original Christie commission report—and it challenges the idea of economies of scale, and looks at public sector services and how they follow demand. Professor Seddon's message was that you need to ask what the purpose of planning is, and make your changes fit that rather than just designing and planning a system and putting it forward, which is what I feel that we have ended up with here.

We would welcome more reform as long as the principle of subsidiarity is followed. As I said, it should be about more power going to communities and looking at that side of things.

The Convener: That is helpful. I think that Ewan Anderson wants to come in, too.

Ewan Anderson: Very briefly, I echo Clare's point that the starting point should be what we are trying to achieve, and we should then look at what the right system is to achieve that. I can certainly see benefits in having some kind of regional authority to deal with strategic spatial matters, in particular around transport and, turning to the issue that we are going to get into shortly, around major infrastructure. However, if it results in more levels of governance and red tape, that is arguably not going to be helpful.

The Convener: Thank you, that is helpful.

Artificial intelligence data centres are very much a live issue. The Scottish Government is producing guidance—we will see what that is; it is coming at pace—but data centres are obviously an issue of concern to members and to the communities that we represent. We will open with questions from Gary Bouse.

11:00

Gary Bouse: I declare an interest in that I am still a serving councillor at Falkirk Council. I was also on the planning committee for nine years. To be honest, I really enjoyed planning—I will not say anything against it. While I was on the committee, we had LDP1—we then worked on LDP2 and started to work on LDP3, which is currently working its way through in Falkirk. As we got closer to the actual implementation date, it was the same as we have heard about in respect of NPF4: the applications started to take cognisance of what was coming.

In that vein, planning guidance on hyperscale data centres is due to come out by the end of the year, as the convener has just said, and the digital infrastructure guidance is due in 2027, as Paul Macari touched on. The Government is also looking at a strategic approach to data centres. This question was perhaps originally for the planning departments, but I will extend it a little. What would the impact of that be on planning departments and on developers? Just as important, if things are already moving on, what about the public? The public have already been able to reply under the current regulatory system, but we know that there is new guidance coming on data centres and on digital infrastructure, so how will the public be able to feed into that? We do not want a closed situation with the new guidance coming in.

I am sorry—I know that that may seem like a big question, but this is probably the biggest topic in planning at the moment.

Paul Macari: With regard to input into the guidance, I would imagine that, because it is guidance, it will not necessarily come forward in a formal consultation from the Government. It is guidance, and the industry and public bodies, as consultees, have all been involved in its creation. I know that members of the industry and members of the legal profession have been involved in its formulation. It is my understanding that it is probably going to come out just before Christmas.

On the wider aspect of how communities can get involved, a data centre application would currently be submitted under the Planning (Scotland) Act 2019, which amended the Town and Country Planning Act 1984, and it would go through the statutory public consultation and engagement processes that are already in place for communities. Depending on the size of the proposed data centre and whether it is a major or national development, there could also be a requirement for statutory pre-application engagement by the developer. Communities could engage in that way.

With regard to AI data centres or just data centres in general, the technology industries sometimes move a lot quicker than the policy framework. However, the regulations are in place—the EIA regulations, in particular—to enable us to thoroughly evaluate the impacts and make informed decisions about these developments. Data centres take different forms—there are probably thousands of them already in the country; it is just that we have not referred to them as AI data centres or green data centres. They are already operational and we already utilise them.

Indeed, the irony is that the thousands of objection letters that authorities receive to AI data centre proposals were generated by AI. We have to take cognisance of that point. It is a wee bit like mobile phones and the technology that they use. We all have a phone, but when 5G technology was rolled out and we had to change the masts, the public perception was negative and a lot of representations were received. However, would anybody be without their mobile phone right now, and the ability to look up whatever on Google? It is about recognising that these things are essential in order to facilitate the way of life that we have in Scotland.

Gary Bouse: I do not think that people who are complaining about AI data centres are complaining about AI itself. I do not want to conflate the two things, if you do not mind, because, if we do that, we start to go down a strange road. This is purely about the buildings themselves, which is why I am talking about planning. When you knew that something new was coming in, you always had to wait and see what was actually going to come. It is more about that than AI itself. I appreciate that people use AI to research things.

Paul Macari: The planning process for data centres is no different; they are just another form of development that we would evaluate. Depending on the type of development, we will use our policy framework and regulatory framework to evaluate it.

We have not necessarily utilised certain policies in NPF4 to their full extent yet. There are policies such as policy 11(c), on how we can understand the socioeconomic benefit that can be realised from development such as data centres, which invariably emit energy as a by-product. It is about capturing and utilising that in a whole-system approach. That is where we will understand the fullness and the robustness of what NPF4 brings to the table in relation to a new policy framework for evaluating such developments as they come forward.

Gary Bouse: The socioeconomic point will be one of the difficult ones. Scottish Enterprise put something out yesterday, did it not?

Ewan, can you comment from the developers' side?

Ewan Anderson: The thing with data centres is largely a problem with NPF4, which promoted green data centres but with no spatial dimension as to where they should go. We all use data, and the cloud is not something in the ether—it is a big metal box the size of several football pitches sitting somewhere in the world. I was talking to Stephen Drost of CodeBase the other week, and he was adamant that the tech sector in Scotland could flourish if we had data centres in this country.

If you accept that, it is a national infrastructure planning question. It is almost like a power station—where does it go? If you were planning it like a power station, you would work out where the incoming utilities are and where this, in effect, bad-neighbour type of development could be located to cause the least harm. That is arguably what is missing.

If you turn it around and say that Scotland wants data centres, it is a question of where we locate them for the greatest benefit. The simple reason why they are popping up all over the country is that they generate the highest land value in a great many locations. That is why there is a huge demand.

There is a huge amount of global money behind this, and it is perhaps an opportunity for Scotland to channel that positively and ask how we can use the value that data centres generate to create other benefits. How can we locate them in places that most need them? For example, on former industrial land that is perhaps heavily contaminated, could the value help with decontaminating the land? Could the energy produced by data centres power local district heat networks for local communities and help to alleviate fuel poverty? You need to work out the best places for them to go.

A huge cable runs down the Beauly to Denny route, bringing all the renewable energy from the Highlands to the middle of the central belt. If you were looking at a site for a substation in isolation, you would ask where the cable comes in and where it would cause the least disturbance to the quality of that place. Asking that question about data centres from the same perspective nationally would lead to the suggestion that there would be more benefit in certain places. Arguably, rather than being driven by reactive opportunism from landowners, if the Government and local authorities collaborated in deciding where data centres should go, there could be many benefits.

Clare Symonds: We are talking about hyperscale data centres, which have colossal electricity and power usage. For example, it would take the Whitelee wind farm, which is the largest onshore wind farm in the UK, eight years to generate the power for the proposed 1,000MW site in Chapelcross, in Annan. There are huge issues to consider. Look at what is going on in Ireland and in America. Massive decisions are being made.

Without a doubt, we need mandatory EIAs. The implications of hyperscale data centres are as big as those of Brexit, so we need a national conversation about them, given the implications for energy systems and the increasing costs to communities, which would subsidise the cost of the electricity that would be used. We could do with guidance, for sure, but that would be non-binding and could not replace a democratic mandate. I urge the Government to create a national conversation about data centres, given the huge implications for our systems. House builders should be thinking about London, where houses cannot be built because there is not enough grid infrastructure to power them. There are massive implications.

The controversy about hyperscale data centres—I am talking about the ones that are being used to train and run AI—brings into sharp relief two fundamental issues: the need for a robust planning system that genuinely serves the public interest, and the need for people and the environment to have rights. In relation to the proposed human rights bill, it is important that there is a human right to a healthy environment, so that people are protected from the excesses that are being experienced as a result of data centres.

Gary Bouse mentioned the Scottish Enterprise report that was published in May—there is some coverage of the issue in today's newspapers—and that report, from a Government agency, struggled to find an economic upside to data centres. They provide limited employment opportunities—they are short term and are often overestimated.

There are hard choices to be made. What do we want to use our limited land, water and electricity for? Should they be used for data centres, or do we want more housing or whatever? We should ask the Government for mandatory EIAs, for sure, but we also want a national conversation and proper consultation on data centres, given the huge implications.

It is good to have strategic planning for such sites, but the current strategic spatial energy plan allocates only between 1GW and 2GW for data centres, and we are way above that. Apparently, none of the sites for which there are planning applications is on the priority list of sites that the Scottish Government has drawn up.

There are lots of issues and problems to be resolved. Not least, there is the question of what a green data centre is, because that is not at all clear to me. NPF4 was intended to deal with issues relating to cloud storage, for example; it was not intended to deal with issues that have resulted from the huge proliferation of AI. Things have moved on so quickly, and NPF4 needs to catch up.

Dr Brown: I would like to make a few points. First, I reiterate what Paul Macari said: the planning system, as it stands, and planners are well able to determine and advise on the applications that are before them. In the past, planners have determined large and complex applications involving significant potential environmental impacts and EIAs, so I have no doubt that the system and planners will be able to determine applications for data centres. There might be some novelties in relation to the impacts of those applications, but, as Paul Macari said, the planning system evolves, is flexible and can change over time as it takes on board new information, so we do not have to have everything nailed down in NPF4 or in local planning policy. That is my first point: planners and the planning system can cope with these applications.

11:15

There is also definitely something to be said here about the strategic point that Ewan Anderson made. We need some clarity about where it might be appropriate for data centres to be located in Scotland in order to support economic development and enable us to realise our ambitions as an AI technology, data and digital centre of the future, shaping our economy in that way. The consequence of not having that is what we see at the moment. A significant number of large applications are creating a lot of resource issues in the relevant local authorities because they are complex and they come with a lot of community responses. There are lots of objections—in some cases, thousands and thousands.

In the absence of a strategic view of how many data centres we are aiming for and where they should go, the need to moderate the market response means that we are creating backlogs. It does not help with all the other things that we want the planning system to do when the determination of a single application that comes in requires a lot of resource with no guarantee that the development will happen in the end. That creates a particular trickiness. We saw a similar thing with battery storage. We saw a lot of speculative applications for that, and there were a lot of consents, but a very significant proportion of them will never be delivered or developed.

On Clare Symonds's point, the development management process is not the place for a national conversation between communities and Government about how many data centres we should have in Scotland and where would be a good place to put them. I understand why that national conversation would be a useful thing, but there are other mechanisms for that. Citizens assemblies have been used in Scotland, and I note that the RTPI is doing some work on citizens assemblies in the planning system. If there was an avenue for allowing that bigger conversation to happen, it might help with some of the local matters.

I want to make one more point, if I may. Where thousands of people are highly exercised and highly annoyed by the prospect of a hyperscale data centre landing close to them, there is potential—and this happens, I am afraid—for some of their comments and actions to affect the wellbeing and safety of planners and other professionals, such as local authority officers and councillors. I wanted to bring that point to the committee this morning. The wellbeing and safety of planners and other public officials is really important.

Situations where we have highly charged development management things happening potentially create a lot of problematic issues, and having a digitally supported planning system might help us to weed out abusive objections from the legitimate ones. We have looked at some of the comments, and some of them just say things like, "You're scumbags," "This is terrible," "You're going to ruin my life," "You're awful," and so on. They do not engage with the substance of the application. There is something about how we put the genie back in the bottle. How do we allow people to have their say but protect officers and professionals from abusive responses?

The Convener: Thank you, Dr Brown. That is really useful.

Before I bring in Kate Campbell, I have a supplementary question for Paul Macari that follows on from Caroline Brown's comments. In my constituency, we have the Chapelcross site, which is industrial land and the former site of a nuclear power station. In that case, as has been identified, an online campaign that the Scottish Greens have operated through Facebook, using AI, has now generated 13,000 responses. I feel for the planning officer. Regardless of the merits or demerits of the case, as the local representative for the area, I am more concerned about the legitimate concerns of somebody living in Annan than about the abstract concerns of somebody living in Arkansas. What should the planning system do to weed out those who basically want a national conversation about data centres? There was a placard to that effect at one of the recent events. Should we look at weeding out mass AI-generated write-ins, so that planning officers can focus more rigorously on the legitimate concerns of local residents?

Paul Macari: The Planning (Scotland) Act 2019 requires us to take into account all material planning considerations that have been raised, and AI-generated representations raise a lot of material planning considerations. We do not take into account whether the author of a representation lives in Arkansas or Annan; we look at the detail that the representation contains. We need to take account of the contents of any letter of representation, right up to the point of decision. Case law dictates that. If we receive a letter of representation on the day that a decision is to be made, we have to take it into account; otherwise, the consequence could be a legal challenge because we had not followed due process.

With regard to the national conversation and spatial plans, the Scottish Government is working with the National Energy System Operator to create the regional energy spatial plans. That process is partly about not only the location of the energy-generating installations, but where the off-takers could be located. Unfortunately, I have received 13,000-plus representations in relation to several applications for energy transmission infrastructure, whether that is overhead lines or Scottish and Southern Electricity Networks hubs. We are starting to realise that some of the proposals that are being put forward are designed to prevent the electricity that will be generated in Scotland or in our waters from being wired elsewhere in the country. We need to think about how we retain those opportunities to create high-value jobs in Scotland.

That is the background. The digital and tech sector, as has rightly been said, is one of the fastest-growing sectors in Scotland when it comes to the creation of high-value jobs, which is something that our higher education institutions are incredibly aligned with. The work that is being done on the regional energy spatial plans—the RESPs—gives us an opportunity to start to understand where the best locations for data centres or energy off-takers are. We know where the energy generation will take place, where it will come onshore or where it will be connected to onshore infrastructure; the issue is what we do with the surrounding land. We need to think about where the best locations are and, equally, how we can use the data that comes through the RESPs to inform local development plans, so that we can identify where to appropriately locate key pieces of infrastructure, including housing, as we move forward. We also need to think about how we can use that process as a catalyst to inspire the

regeneration of brownfield sites for spin-off and knock-on developments such as AI growth zones and digital parks.

We need to recognise that we have an opportunity to plan for economic growth and to create a sustainable future for the country if we get it right. We need to be cognisant of the fact that it is not simply a case of encouraging development in any place at any cost. The planning system is very much based on having the right development in the right place. Albeit that that is old language that we do not use in NPF4, that is, in effect, what we continue to try to do—we want to create sustainable places.

Kate Campbell: I will ask a series of short questions, if that is okay. I want to drill down into the energy side of the issue, because that is the area that concerns me the most. Caroline Brown and Paul Macari have said that they feel that planners have the capacity to be able to make a determination on a hyperscale data centre application, but the point has also been made that there is more to the issue, which we need to have a conversation about.

Is whether there is sufficient national energy capacity a material consideration that you are able to apply when making a determination on an application for a hyperscale data centre?

Paul Macari: It is necessary to take into account the cumulative impact on the whole system of any development that is proposed. If an application is made for a data centre, it is necessary to understand how it would be energised, what the source for the energy system would be and whether it would require a grid connection or would be self-sustaining.

Kate Campbell: Do you feel that the current guidance that is in place through NPF4 and the guidance that you think will be coming out at the end of the year will give you the capacity to do that?

Paul Macari: It is not an NPF4 issue. It is very much to do with what we learn through case law. Every planning decision that is taken can be legally challenged, and we learn from the outcomes of those legal challenges. That process can be really bruising—I have been through a few legal challenges—but, once you come out the other side, you become better and more proficient, and the country learns how such applications should be evaluated by the planning system.

The Raeshaw development case is the one that is leading the way when it comes to EIAs and the cumulative impact of development. Many wind farm applications that are with the energy consents unit do not focus on how the electricity will be transferred from the wind farm to the grid. We need to think about how we tackle that cumulative impact element as we move forward. Those are the aspects that we need to take into account as we evaluate applications for such developments.

When it comes to the proficiency of the profession, we must remember that, from coal mines to Ravenscraig, we can count the number of different types of major industrial development that has taken place over the past 10 to 20 years. Planning authorities still have individuals with the expertise to undertake such rigorous evaluation processes.

Kate Campbell: The nub of my question is about the fact that we have heard many times that we need to know how many data centres there will be and where they will be located, but you are also saying that you feel able to determine such applications. How is it possible to determine such an application now, when we do not have a set of rules to say how many data centres we think we need and where they should be?

Paul Macari: That is not how the planning system works. We do not get involved in economic competition or the commerciality of developments. We look at land use planning. In order to understand the cumulative impact of developments, we need to understand what the impacts of those developments will be if they accumulate in a certain geographical location. Those impacts might be environmental—they might create noise or affect the air quality. Those are the aspects that we take into account through the planning system.

When there is an accumulation of development, it is necessary to understand what that intensive land use will do to the key receptors in the surrounding area, whether in terms of environmental or human impacts. That is how we make our decisions.

Kate Campbell: I am very concerned about the environmental impacts as well, but I am trying to focus in on whether planners have the level of knowledge and understanding that they need. I am talking not about whether, as individuals, planners have the knowledge that they need, but about whether sufficient knowledge has been gathered nationally to understand the impact on energy capacity in Scotland of the approval of such developments.

Dr Brown: The planning hub is providing support for all the planning authorities that are determining hyperscale data centre applications by giving them the technical knowledge and understanding that they need, if they do not have it. It is also working with committees and supporting councillors to understand those issues.

Kate Campbell: I still do not feel that I have had a concrete answer. I am not talking about the environmental aspects, such as the impact on water use, because although communities are concerned about those issues, I think that planners have the tools to take them into account. I am talking about the cumulative impact of several local authorities separately approving multiple applications for AI data centres at the same time. It would not be possible to determine the cumulative impact, because the applications would have been considered simultaneously. That could have a significant impact on our energy infrastructure and capacity. In Ireland, that has increased bills.

Do we currently have in place any guidance or strategy that planners can turn to when they are determining an individual application for a hyperscale data centre so that they can be certain about the impact that approving that application would have on national energy capacity?

Paul Macari: That is not a material planning consideration. I say that because it involves a separate regulatory function.

Kate Campbell: So you are saying that planners do not make determinations on the basis of energy capacity. My first question was whether that is a material consideration, and the answer is no. We are in a situation in which applications for AI data centres are being determined without energy capacity being a material consideration.

That leads me on to a wider question. Should any applications for AI data centres be approved when we do not have a national strategic energy plan for such centres?

Ewan Anderson: My understanding is that the assessment assesses how much power would come into the site but not what the cumulative impact across the whole country would be. You are asking who is working that out.

Steven Bonnar: Would we not need to do that on a UK-wide basis, given that we have one national grid? Surely the impact on the grid would need to be determined on a UK-wide basis.

Ewan Anderson: I cannot speak to that, because I do not know how the grid works.

The Convener: I want to clarify that my reading of what Paul Macari has said is correct. Are you saying that whether a data centre for which planning permission is being sought will have a power source is a material consideration? In other words, the applicant would have to prove to you, to avoid a subsequent legal challenge, that the facility would be able to power itself.

11:30

Paul Macari: Whether it is through a cable or an overhead line, the connection to the grid is development, so it needs to be taken into account in the overall envelope of developments of any type that are being proposed. However, it is not incumbent on the planning authority or system to ensure that there is enough electricity in the country to power data centres—it is the responsibility of Ofgem and SSEN, the power company, to know whether they can power a connection when they apply for one.

To be really clear, with regard to infrastructure first, planning authorities across the country are already highlighting concerns about the amount of capacity in the grid to service new housing as it comes forward. So, it is not only about energy generation and data centres but about how we sustain our communities.

Kate Campbell: Do you think that the regional strategic energy plans will address that issue, for both housing and data centres?

Paul Macari: Yes. In the work that NESO has undertaken, a memorandum was put in place that started, as Caroline Brown rightly said, to weed out the speculative energy development—battery energy storage systems plants in particular—and to recognise what was and was not of strategic importance to require a grid connection. Understanding where the capacity is and how to use it to best support the social and economic aspects of the country will go some way to address the issue as well.

Kate Campbell: When do we think that the RESPs will be in place?

Paul Macari: Having just volunteered to sit on the working group for them, I think that the ambition is to have them in place within six months.

Kate Campbell: I suppose that that is helpful, but if those regional plans are not in place and we do not know the cumulative national impact of date centres on our energy capacity, how can we possibly determine them? Do you have any views on that?

Dr Brown: We cannot determine them on that basis; we can only do so site by site. That is how the planning system works. Without any strategic guidance in Scotland about where those centres should go, planning authorities just have to deal with the applications that come in.

Kate Campbell: Do we need strategic consideration of energy capacity with regard to how many large-scale and hyperscale data centres could be supported and where before we start to determine them, or do you think that those decisions have no risks if we continue the

process? I am really interested in the views of the witnesses on those points.

Ewan Anderson: I think that we need strategic consideration—the country certainly does. The tricky planning question is whether local authorities are required to determine those applications under the regulations, in a way that is immune to appeal.

The Convener: We will close that area of questioning there, because the minister who is waiting outside is the person who could answer that question for us. I bring in Clare, who I think has been hoping to come in, then Julie MacDougall and Gary Bouse. I am aware that we are running over a bit, so could we be quite brief?

Clare Symonds: For the record, I do not want planners to be the fall guys for hyperscale developments. We work very hard with the public to ensure that they write their responses in an appropriate way, which our resources very much explain.

Paul Macari was talking about the fact that we have made big decisions about coal mines and so on in the past, but what is different now is that we have climate targets to meet and that we do not yet understand the cumulative impacts. I agree with Kate that we need a strategic plan—we have to know whether we can do those things and fulfil our climate targets as well.

The Convener: I bring in Julie McDougall, who has been very patient.

Julie MacDougall: We have touched on a lot, certainly on the energy side, and I think that we agree that there are huge economic benefits there. While we wait on the publication of the guidance, are you confident that it will be clear in respect of where those centres should be built, if they are built—on the most appropriate or inappropriate sites for them? Do you feel confident that that guidance will give us those answers before the end of the year?

Paul Macari: The guidance is guidance; it is not statute. The legal test is about what is in statute—that is what any legal test will take us back to.

You would need to look in the NPF4's principal policies for the guidance on the appropriate locations for those types of developments. The guidance will build on the policy framework and should give an indication of the key considerations that should be taken into account with regard to location and impact, as well as define what a green data centre is.

Julie MacDougall: I am a councillor, and Auchtertool in my area has been a huge and well-publicised case, among others, around which huge demonstrations have taken place. We know the public's concerns about that, so how do we continue to allow people to have a powerful voice in those situations while we go through that process?

The Convener: I give the final word to Paul Macari, then I am afraid that we have to move to the next item of business.

Paul Macari: I come from Lochgelly so I am well aware of Auchtertool. The planning process is very open and transparent with regard to public engagement, and it is incumbent on the developers to engage and follow the statutory process. However, it is also incumbent on our decision makers at a local level, whether it is the officers or the councillors, to ensure that that public engagement has been robust and thorough. Importantly, the decision makers then have the opportunity to consider the matter and to say that they will not make a decision until that engagement with the community has been proper, robust and thorough, so that the voices are heard and incorporated into the proposal.

Do not get me wrong: not every proposal can be moulded and shaped based on the community's views. However, those views must be noted and taken into account—if they cannot be, that needs to be explained. The relevant provision in the Planning (Scotland) Act 2019 is there for the decision makers to follow.

The Convener: This has been really helpful. The committee will look again at AI data centres and planning once the guidance has come forward, so watch this space. Thank you very much indeed to everybody for joining us for what has been a really fruitful session. We now suspend to allow for a change of witnesses.

11:36

Meeting suspended.

11:43

On resuming—

Subordinate Legislation

Visitor Levy (Amendment of Returns and Miscellaneous Amendment) (Scotland) Regulations 2026 [Draft]

The Convener: After that brief scene change, we now turn to agenda item 3, which is consideration of an affirmative statutory instrument.

I welcome the Minister for Public Finance to the room. I apologise that we are running late, but we were discussing AI data centres, which is a key part of your portfolio. I also welcome Fiona Campbell, visitor levy and cruise ship levy team leader, and Susan Robb, solicitor, from the Scottish Government. Thank you all for joining us today.

Following this evidence session, the committee will be invited under the next agenda item to consider a motion to approve the affirmative instrument. I remind everyone that Scottish Government officials can speak under this item but not in the debate on the motion that follows, should one take place. I invite the minister to make opening remarks on the Scottish statutory instrument.

The Minister for Public Finance (Hannah Mary Goodlad): The array of different hypothetical scenarios and permutations in front of you is designed to be as encompassing as possible. The instrument is complex in nature and difficult in design, but it is intended to be as business friendly as possible. I will share a few remarks, and I am happy to take questions at the end. Fiona Campbell and Susan Robb are here to assist me in that.

Committee members may be aware that I initially laid the regulations on 22 September and then they were promptly withdrawn. They were subsequently relaid on 6 October. They were withdrawn to address points that the Delegated Powers and Law Reform Committee raised. That also provided the opportunity to clarify timings and process for cases in which the local authority had requested further evidence in relation to the request to amend but the liable person had not provided it.

The regulations primarily set out timings for how a liable person may seek to amend a return and how the local authority should respond to that request. The key dates are that the liable person has six months from the end of the relevant reporting period to seek agreement to amend a return. There is then a series of three two-week deadlines for a local authority to consider that request, seek additional information and make its decision on whether the amendment would be allowed. The liable person has similar 14-day periods to take action.

The regulations also set out timescales within which any balance of levy owed by the liable person must be paid or any amount of levy owed to the liable person must be reimbursed following an amendment. That is why I said that they are designed deliberately to be as business friendly as possible.

The regulations also set out how interest and penalties would apply where a return is amended. Penalties for failure to pay that are applied before the return is amended remain payable by the liable person, but no further penalties—for example, for continued non-payment at five or 11 months—may be applied with effect from the day after the day on which the amended return is sent. New penalties may be applied where an amended return has been sent but no payment of the revised amount of levy due is made along with the amended return.

Interest on unpaid levy remains calculable against, and payable on, the amount of levy unpaid under the original return submitted. That interest remains payable, but no further interest is accrued. Where a return is amended and levy remains unpaid, interest is payable on the revised amount starting from the day after the day that the amended return was sent.

The Convener: That is very clear.

Hannah Mary Goodlad: Yes. As I said, it is complex. I am taking time to try and talk through the regulations.

Those provisions ensure that penalties and interest that were accrued before the return was amended remain payable. That reflects the point that the accommodation provider was supposed to pay the amount of levy calculated against the original return but did not. However, the provisions restart the clock on penalties and interest calculated on the new amount, as it needs to be evident that the accommodation provider has not paid the new amount of levy due.

The title of the regulations includes the words, “Miscellaneous Amendment”. That is due to a knock-on effect of the provisions on existing regulations. To be exact, regulation 5 amends regulation 4(2) of the Visitor Levy (Local Authority Assessment) (Scotland) Regulations 2026. That adds three further situations where a local authority can give notice of its intention to substitute an assessment of visitor levy liability on the basis of alleged carelessness or deliberate miscalculation. Those are: number 1, where a liable person has submitted an amended return;

number 2, where a local authority has refused a request to amend a return; and number 3, where a local authority has the reasonable expectation that the liable person will request to amend their return, but no such request has been made.

It was considered important not to prevent a local authority from substituting an assessment where a return has been amended. The initial return may appear accurate to the authority, and therefore there is no need for action within two months. However, after a return is amended or a request made, but not subsequently agreed, an authority may consider that there are grounds to substitute its own assessment. Without this regulation, that would not be possible and the opportunity would be lost.

The regulations also add a penalty for failure to pay the levy to the existing list of penalties in respect of which liability is retained where a local authority substitutes its own assessment of visitor levy payable. They also clarify how interest on unpaid levy is calculated where a local authority substitutes an assessment of liability. Interest on an unpaid levy continues to accrue and remains payable by the liable person until the outcome of the local authority assessment is notified. No further interest may be accrued on the amount calculated under the original return once notice of the outcome of the assessment is issued. However, further interest may be payable on any unpaid levy that is due under a local authority assessment.

Essentially, there are three things that the instrument seeks to do: the first is to clarify the timing by which the liable person—a business—can put forward or amend a return; the second involves giving confidence and extra flexibility to a local authority with regard to how it responds to that request; and the third involves how interest on that return is calculated, where there is a change to the amount of levy payable, including when interest is paid back by the local authority to the business. I hope that that gives some clarity.

Those are the main provisions within the regulations that I would wish to flag, and I am happy to take questions.

The Convener: There is a lot to unpack there—I think that everybody followed it; I saw people nodding furiously. I have a couple of questions and then I will bring in the deputy convener.

Obviously, the system is live in Edinburgh, and Edinburgh accommodation providers have been in touch with me to put a couple of questions of a technical nature to you—perhaps your officials might want to contribute, too.

Those providers had to submit their first returns by 30 October, but the formal process for requesting an amendment is due to come into force on 1 December, subject to parliamentary approval. Under draft regulation 4, interest on the unpaid levy under the original return can continue to accrue until the amended return is sent. Providers in Edinburgh are concerned that those who identified and reported an error promptly could still face interest for a period when they had no practical way to submit a correction.

My first question is, why does the amendment process come into being after the first returns? Section 28A of the Visitor Levy (Scotland) Act 2024 came into force on 22 July, before Edinburgh's levy started. Why were the regulations scheduled to commence after the first filing deadline? What interim arrangements did the Scottish Government agree with the City of Edinburgh Council during that hiatus?

Hannah Mary Goodlad: I can answer in principle, convener. It is important to note that we are trying to do something in retrospect in relation to something that was already coming in in Edinburgh. We did not want to hold up that legislation and the council's ability to raise the extra £50 million a year that was forecast. However, having scrutinised the instrument that I came to lay before you on 22 September, we saw that it was important that we played catch-up. We are able to give a grace period to the City of Edinburgh Council to ensure that, if any further businesses that are liable for the levy are identified within that six-month period, provisions can be put in place for them. That would be my assessment of the situation.

I highly doubt that there are significant numbers of businesses that will find themselves in that situation, but I am happy to be proved wrong. Fiona Campbell might have some more detail on that, if businesses or the council have been in contact with the department.

Fiona Campbell (Scottish Government): I do not have any information on numbers, but we are not expecting there to be many.

On the point about the regulations coming into force after the first return period, we had discussions with the City of Edinburgh Council when the provision was put into the 2026 legislation. Edinburgh had intended to allow businesses to seek to amend their return, so the timings that we have put in place roughly mirror what Edinburgh was going to do voluntarily. Any business that submitted a return last month, which was the first reporting period, has the opportunity to approach the council to say that it has made a mistake. However, the regulations allow six months from the end of the reporting period for someone to request to amend their return.

Therefore, that first return would be covered by that period.

The Convener: So, the grace period and the six-month period would apply. Would they apply to each and every case?

Fiona Campbell: Yes.

The Convener: Okay. I know that we are getting very technical here, but if the portal cannot accept an amendment, would it be your expectation that the business can go through a process of written acknowledgement?

Fiona Campbell: Yes, I would presume so. I am not hugely up on how the portal works; I only know the generalities. However, yes, there are ways in which the business would be able to contact the council to say that there has been an error and it wants to amend its return but cannot do that in the portal.

Hannah Mary Goodlad: This is a new system, a new portal and, essentially, a new tax. This is a good thing for the City of Edinburgh Council, and we need to make sure that the businesses that are in the system have a way to contact the council. There are multiple ways for them to do that other than through the portal, so I align myself with what Fiona Campbell said.

In addition, there is the grace period, the six-month period from an initial return being made, the 14-day period in which the council can respond to the return that has been submitted and a subsequent 14-day period when the business can respond to the council, and a 14-day period in which they both come together and agree on the amount.

The Convener: It is going to be like an episode of "Yes, Minister".

Julie MacDougall: Yes, the data centres issue sounded less complex.

On the back of the convener's questions, has the Scottish Government assessed whether local authorities have sufficient staff and resources and the necessary digital infrastructure to administer the amended returns?

Hannah Mary Goodlad: I am confident that local authorities have the right levels of staff. Indeed, in Scotland, 22 per cent of our workforce is employed by the public sector, compared with 18 per cent in England, so I am fully confident that local authorities have the correct number of staff to administer the system, especially because I have also had discussions with councils across the east of the country over the past three months.

It is a new tax for businesses to pay and for the council to administer, and the portal is new, too. There will be a learning period and some bedding-in time while folk get used to it. However, I am convinced that local authorities have the correct number of staff to administer the system. Indeed, councils also had a choice about whether to implement the levy. The City of Edinburgh Council has signed up to it and Glasgow City Council will start to implement it by the end of the year. Argyll and Bute Council is consulting on the proposals at the moment, and I think that 86 per cent of the respondents have said that the levy is maybe not the correct thing for the region.

This is not a top-down imposition by the Government on local authorities; it is an opportunity that councils can take advantage of. If they think that they have the capacity and the competence to implement the system, they can choose to do so.

The Convener: Mr McKee might want to close that 22 per cent to 18 per cent gap in public sector employment, but we will see what happens in the fullness of time.

As there are no further questions, we move to agenda item 4, which is the formal consideration of motion S7M-01472.

Motion moved,

That the Social Justice, Housing and Local Government Committee recommends that the Visitor Levy (Amendment of Returns and Miscellaneous Amendment) (Scotland) Regulations 2026 [draft] be approved.—[*Hannah Mary Goodlad*]

The Convener: I invite contributions from members.

As there are no contributions, do you want to say anything in summary, minister?

Hannah Mary Goodlad: I think that I said enough in my opening statement. I thank the committee for its time.

The Convener: Thank you.

The question is, that motion S7M-01472, in the name of Hannah Mary Goodlad, be agreed to.

Motion agreed to.

The Convener: Are members content to delegate responsibility to me to approve a short factual report to the Parliament on the instrument?

Members *indicated agreement*.

The Convener: With that, minister, you are free to go. Again, we apologise for detaining you at the outset.

Private Residential Tenancies (Prescribed Notices and Forms) (Scotland) Regulations 2026 (2026/279)

The Convener: Our next item of business is consideration of a negative instrument. I note that

no motion to annul has been lodged and draw members' attention to paper 5 from the clerks. Does anyone wish to make any comments?

As there are no comments, is the committee content to note the instrument and agree that we have no recommendations to make?

Members *indicated agreement*.

The Convener: That concludes our business, after a slightly longer than expected meeting. We will next meet on 25 November, when we will hold an evidence session on another topical issue: the Scottish Government's benefits take-up strategy.

I now move the committee into private session.

12:01

Meeting continued in private until 12:15.

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