



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

# LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

Wednesday 3 March 2010

Session 3

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**CONTENTS**

	<b>Col.</b>
<b>SUBORDINATE LEGISLATION</b> .....	2871
Housing Support Grant (Scotland) Order 2010 (Draft).....	2871
Town and Country Planning (Fees for Applications and Deemed Applications) (Scotland) Amendment Regulations 2010 (Draft) .....	2872
Town and Country Planning (General Permitted Development) (Domestic Microgeneration) (Scotland) Amendment Order 2010 (SSI 2010/27) .....	2878
Local Government Pension Reserve Fund (Scotland) Amendment Regulations 2010 (SSI 2010/34) .....	2878
Council Tax (Dwellings) (Scotland) Regulations 2010 (SSI 2010/35).....	2878
Non-Domestic Rate (Scotland) Order 2010 (SSI 2010/36) .....	2878
Non-Domestic Rating (Rural Areas and Rateable Value Limits) (Scotland) Amendment Order 2010 (SSI 2010/37) .....	2878
Non-Domestic Rates (Levying) (Scotland) Regulations 2010 (SSI 2010/43) .....	2878
Non-Domestic Rates (Renewable Energy Generation Relief) (Scotland) Regulations 2010 (SSI 2010/44) .....	2878
Town and Country Planning (Limit of Annual Value) (Scotland) Order 2010 (SSI 2010/49) .....	2878

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**LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE**

**7<sup>th</sup> Meeting 2010, Session 3**

**CONVENER**

Duncan McNeil (Greenock and Inverclyde) (Lab)

**DEPUTY CONVENER**

\*Alasdair Allan (Western Isles) (SNP)

**COMMITTEE MEMBERS**

\*Bob Doris (Glasgow) (SNP)

\*Patricia Ferguson (Glasgow Maryhill) (Lab)

David McLetchie (Edinburgh Pentlands) (Con)

\*Mary Mulligan (Linlithgow) (Lab)

\*Jim Tolson (Dunfermline West) (LD)

\*John Wilson (Central Scotland) (SNP)

**COMMITTEE SUBSTITUTES**

Brian Adam (Aberdeen North) (SNP)

Margaret Curran (Glasgow Baillieston) (Lab)

Alison McInnes (North East Scotland) (LD)

Margaret Mitchell (Central Scotland) (Con)

\*attended

**THE FOLLOWING GAVE EVIDENCE:**

Marie Ferguson (Scottish Government)

Debbie Flaherty (Scottish Government)

Jamie Hamilton (Scottish Government)

Roddy Macdonald (Scottish Government)

Alex Neil (Minister for Housing and Communities)

Stewart Stevenson (Minister for Transport, Infrastructure and Climate Change)

**CLERK TO THE COMMITTEE**

Susan Duffy

**LOCATION**

Committee Room 4



## Scottish Parliament

### Local Government and Communities Committee

*Wednesday 3 March 2010*

[The Deputy Convener *opened the meeting at 10:00*]

### Subordinate Legislation

#### Housing Support Grant (Scotland) Order 2010 (Draft)

**The Deputy Convener (Alasdair Allan):** Good morning and welcome to the seventh meeting in 2010 of the Local Government and Communities Committee. I remind members to switch off their phones. I have apologies for absence from Duncan McNeil and David McLetchie, and Mary Mulligan might have to leave early and miss part of the meeting.

I am sure that today's meeting will not be nasty or brutish, but it might be short. Item 1 is oral evidence on the draft Housing Support Grant (Scotland) Order 2010, which is subject to the affirmative procedure. I welcome Alex Neil, Minister for Housing and Communities. He is accompanied by Jamie Hamilton, who is a policy analyst in the Government's social housing quality division.

**The Minister for Housing and Communities (Alex Neil):** The order sets out the amount of grant that is payable in the financial year 2010-11. The order's purpose is to provide grant to any local authority that would not be able to balance its housing revenue account. Only Shetland Islands Council, because of its high housing debt, continues to qualify for grant. In 2010-11, the council will receive about £1.2 million, which will be payable in 12 equal monthly instalments. Shetland Islands Council is an exceptional case, given that its debt per unit of housing stock is three to four times the Scottish average.

The methodology for calculating housing support grant has been in place for a number of years. The Local Government and Communities Committee has questioned the basis on which the grant is calculated and its potential long-term unintended consequences, therefore the time is right to consider the methodology for calculating housing support grant. Governments should continue to provide local authorities and their tenants with a reasonable safety net, to ensure that our councils can meet their statutory duties to balance their housing revenue account and to do so as quickly as possible. Scottish Government

officials will work with the Convention of Scottish Local Authorities during the coming months on a way forward before we lay the housing support grant order in 2011. I will meet a delegation from Shetland Islands Council tomorrow and will seek their views.

**Patricia Ferguson (Glasgow Maryhill) (Lab):** As you said, the committee queried the circumstances that you have described. We were told that a point would come when it would no longer be necessary to pay the money to Shetland Islands Council. We calculated that it would take about seven years to reach that point. I was going to ask you whether that is still the expectation, but from what you have said I understand that other provisions might be put in place before then that might help to make the situation better. Is that correct?

**Alex Neil:** Yes, it absolutely is. First, we need to discuss with COSLA the general principles in relation to the future of the housing support grant. Secondly, we will address specific issues to do with Shetland's HRA, starting at our meeting tomorrow.

**The Deputy Convener:** If there are no further questions, we move to item 2. I invite the minister to move motion S3M-5739.

*Motion moved,*

That the Local Government and Communities Committee recommends that the draft Housing Support Grant (Scotland) Order 2010 be approved.—[*Alex Neil.*]

*Motion agreed to.*

#### Town and Country Planning (Fees for Applications and Deemed Applications) (Scotland) Amendment Regulations 2010 (Draft)

**The Deputy Convener:** Item 3 is to take oral evidence on an affirmative instrument. I welcome Stewart Stevenson, the Minister for Transport, Infrastructure and Climate Change. He is accompanied by Roddy Macdonald and Marie Ferguson from the engagement and strategic environmental assessment division of the Scottish Government. Minister, would you like to make any introductory remarks?

**The Minister for Transport, Infrastructure and Climate Change (Stewart Stevenson):** The regulations introduce new levels of planning fees that, if approved by the committee, will come into effect on 1 April 2010. This will be the first increase in planning fees since April 2007 and, even after taking into account the increase proposed in the regulations, planning application fee levels will continue to be modest and represent a small proportion of developers' overall costs.

The charging of fees for planning applications has been the law since 1981. We are not looking to change the law today; we are merely looking at the fees. I should make it clear that the fees are not intended to address the full costs of development management as that includes pre-application discussions, appeals and other non-qualifying activities; they are designed to cover the costs of processing planning applications only.

As ministers, we consider that the increase strikes the right balance between moving to full cost recovery, which remains our objective, and the likely impact on potential developers. Fees represent no more than about 1 per cent of developers' costs, and there is no evidence that they act as a deterrent.

I will give one or two indicative figures. The fee for a planning application to build a new house will increase from £290 to £319. The fee for a housing development of 10 houses will increase to £3,190, which is a rise of £290. The fee for a 50-plus residential unit development will attract the maximum fee of £15,950. The minimum fee for a factory or office will rise from £290 to £319 and the maximum fee for an office building will peak at £15,950.

We believe that the users and potential beneficiaries of the development management system should meet the costs incurred in determining planning applications that would otherwise fall on council tax and business rate payers generally. The increases will go some way towards achieving the target of full cost recovery.

We are looking at whether we can make other justifiable improvements to the system, and we are currently running a workstream to consider the wider resourcing of planning. Among the issues that will be considered are alternative funding models for planning, with the purpose of making the fee structure more proportionate in the longer term and helping to contribute to delivering an effective planning service. I welcome the opportunity to answer questions.

**The Deputy Convener:** Do members have any questions for the minister?

**Mary Mulligan (Linlithgow) (Lab):** A number of local authorities, if not all, have indicated that their receipts from planning applications have fallen because of the impact of the recession. Do you have any concerns that this might not be the time to increase the fees and place a further burden on development?

**Stewart Stevenson:** Yesterday, I met representatives of the development industry as part of a regular series of meetings that I have. The meeting was on wider issues than the increase in the fees—that was not the substance of the meeting. The industry does not have any

particular concerns with the increase. It realises that, with the previous rise being in April 2007, there has been a considerable period without rises. Its focus is much more on ensuring that planning departments are properly resourced and it has indicated in a general way that it is prepared to pay substantially higher fees for major developments in exchange for performance guarantees.

There are no issues from the point of view of the development industry. Local government has, for some time, expressed concerns about the fact that there has been no uprating of the fees and that, in the circumstances in which the number of applications has fallen—which it most certainly has in almost all areas of Scotland—it is time for its income to rise. The draft regulations contribute to that.

**Mary Mulligan:** What guarantees are there that the increase in fees will find its way back into supporting local authority planning departments and therefore help to improve their performance? Is the money ring fenced or does it just go into the general pot?

**Stewart Stevenson:** No, it is not ring fenced, but it is designed to raise the proportion of planning departments' costs that are recovered through planning fees. The increase makes progress towards the goal that we share with the previous Administration of getting to 100 per cent cost recovery.

The money is not ring fenced because it is for each local authority to determine how it spends its money. However, it is unlikely that a local authority would wish to strip money out of a department such as planning, which is open to significant public scrutiny because it is a key interface with the public, to the detriment of its performance. There are no indications that that has been happening so far.

**John Wilson (Central Scotland) (SNP):** Have the fees been discussed with COSLA or the planning authorities, particularly—to try to counter Mary Mulligan's question—authorities that have indicated that they are making an operational loss throughout the year? One or two local authorities have indicated that their budgeted income from planning fees was down substantially, in one case by something in the region of £500,000. How will the fees increase balance out some of the losses that planning authorities throughout Scotland are reporting?

**Stewart Stevenson:** We have been talking to the Society of Local Authority Chief Executives and Senior Managers, which has been party to the change, has encouraged us to make it and is comfortable with it.

The proportion of planning costs that are recovered through fees is and always has been variable between councils. A couple of councils suggest that they cover all their costs through planning fees—in one case, I am not terribly clear that the figure is credible, because recovery is 200 per cent—but others recover quite a small amount.

It is unlikely that, in the present circumstances, we could raise the fees to the point at which they offset the reduction in planning applications. The economic laws of the elasticity of demand would come into play in that that would carry the real risk of reducing the number of applications that were made. Of course, planning was not charged for at all until the early 1980s. An overall improvement in Scotland's economic situation will deliver the best result for councils, which is recovery to the previous levels of activity in planning departments. That, in part, is why the Government has continued to support construction by, for example, drawing forward capital spending.

10:15

**Bob Doris (Glasgow) (SNP):** I have a couple of brief questions. First, I would like to give you the opportunity to put something on the record. Will the new fees be a disincentive to development? Secondly, given the discussions that we have had, I would be interested to know whether the Government has given any thought to allowing local authorities to vary fees, which would allow them to seek full cost recovery, under certain statutory guidance. Instead of having fixed fees in all 32 local authorities, could we give local authorities headroom to vary fees? Has the Government considered allowing that in the future?

**Stewart Stevenson:** The industry is not suggesting that the new fees will be a disincentive to development. In discussions that I had yesterday on a range of subjects, that was not suggested.

I was slightly surprised that Mary Mulligan did not choose to raise the issue of variability, because in the middle of May 2004, when she was the Deputy Minister for Communities and I was a member of the Communities Committee, I raised that issue with her. We still think that allowing local authorities to vary fees is worthy of consideration; the idea will be included in our consideration of the fees structure. Although there are arguments for having uniform fees across Scotland, there are also arguments for saying that the most efficient councils should have a competitive advantage through being able to decide, as a matter of policy, to reduce fees for certain kinds of developments, which might encourage particular local developments. The issue will be considered as

part of our review of fees, given that I have had views on it over the past six years.

**Jim Tolson (Dunfermline West) (LD):** A few minutes ago, you mentioned the guarantees that you have been able to suggest to developers. I would like to press you on that point. As most of us know, for quite some time most local authorities in Scotland have faced a shortage of qualified planning officers, which is one of the main reasons for the bottleneck in the planning system. Given that it takes a few years to train planning officers and a few years beyond that for them to gain sufficient experience to be really effective and to help councils to catch up and to overcome the backlog, what guarantees can you give to potential developers that the extra fees money will have a short-term rather than a long-term effect?

**Stewart Stevenson:** How to spend the extra money is entirely a matter for councils. The member raised the issue of how quickly planning applications are processed. We would like to get to the position of having processing agreements; we continue to discuss that subject with local authorities. The development industry is prepared to pay more for early certainty, as it is of advantage economically and practically for developers to have decisions at a guaranteed point in the cycle.

It would strengthen the hand of planners in their organisations if councils received their full fees only when they delivered on a performance profile. Planning applications require consultation with a range of departments in councils. A common issue is the transport impacts of a development, on which input from the transport department is required. The hand of planning will be strengthened if the official who is dealing with an application can say to the roads department that the council will be out of pocket if the department does not get a decision moving by the end of the week.

I stress that we have not reached fixed positions; there is an on-going discussion. When we make changes in one part of the system, we often have to explore and take into account second and third-level effects. However, we are determined to work with local authorities to improve the way in which the planning system works and to give greater certainty to all developers about when and how their application will be dealt with, regardless of whether it is small or large.

**Jim Tolson:** I appreciate your answer, which contains some good points that I hope will reassure the building industry. However, with regard to the example that you quite rightly highlighted of a local authority department asking for opinions from other departments before an application can be fully considered, what about

external bodies such as Scottish Water and the Scottish Environment Protection Agency, which effectively are arms of your Government? Is their response time guaranteed?

**Stewart Stevenson:** I know that Scottish Water, for example, looks in early course at its agreements with developers to return fees if it does not deliver on its promises. We are looking at moving to a performance-gear approach in the public sector. We have certainly seen substantial improvements in the performance of the public bodies that are statutory consultees; indeed, we have even taken a step back with SEPA and Scottish Natural Heritage, which are no longer the traffic lights on the road to development but the advisers to the decision makers on developments. As has been acknowledged, that move has helped quite a bit.

These measures form part of the overall agenda of making planning work more effectively. Indeed, our discussions with COSLA on the fee rise have been based partly on the assumption that performance will improve. COSLA is absolutely up for that, because it and local government in general want to do the very best job for the people they represent, and the fee rise will help in a modest way.

**The Deputy Convener:** As members have no more questions, I ask the minister to move motion S3M-5830.

*Motion moved,*

That the Local Government and Communities Committee recommends that the draft Town and Country Planning (Fees for Applications and Deemed Applications) (Scotland) Amendment Regulations 2010 be approved.—  
[Stewart Stevenson.]

*Motion agreed to.*

**The Deputy Convener:** I thank the witnesses for their attendance.

**Town and Country Planning (General Permitted Development) (Domestic Microgeneration) (Scotland) Amendment Order 2010 (SSI 2010/27)**

**Local Government Pension Reserve Fund (Scotland) Amendment Regulations 2010 (SSI 2010/34)**

**Council Tax (Dwellings) (Scotland) Regulations 2010 (SSI 2010/35)**

**Non-Domestic Rate (Scotland) Order 2010 (SSI 2010/36)**

**Non-Domestic Rating (Rural Areas and Rateable Value Limits) (Scotland) Amendment Order 2010 (SSI 2010/37)**

**Non-Domestic Rates (Levying) (Scotland) Regulations 2010 (SSI 2010/43)**

**Non-Domestic Rates (Renewable Energy Generation Relief) (Scotland) Regulations 2010 (SSI 2010/44)**

**Town and Country Planning (Limit of Annual Value) (Scotland) Order 2010 (SSI 2010/49)**

**The Deputy Convener:** Item 5 is consideration of eight Scottish statutory instruments, all of which are subject to the negative procedure. Members have raised no concerns and lodged no motions to annul on these instruments. I point out that if anyone has any points to make or issues that they wish to raise, we will have to come back to the instrument in question on 17 March. Does the committee agree not to make any recommendations to Parliament on these instruments?

**Members** *indicated agreement.*

**The Deputy Convener:** That concludes this morning's business.

*Meeting closed at 10:22.*



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