



OFFICIAL REPORT
AITHISG OIFIGEIL

Finance and Constitution Committee

Wednesday 28 February 2018

Session 5



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PLANNING (SCOTLAND) BILL: FINANCIAL MEMORANDUM 1

FINANCE AND CONSTITUTION COMMITTEE

7th Meeting 2018, Session 5

CONVENER

*Bruce Crawford (Stirling) (SNP)

DEPUTY CONVENER

*Adam Tomkins (Glasgow) (Con)

COMMITTEE MEMBERS

- *Neil Bibby (West Scotland) (Lab)
- *Alexander Burnett (Aberdeenshire West) (Con)
- *Willie Coffey (Kilmarnock and Irvine Valley) (SNP)
- *Ash Denham (Edinburgh Eastern) (SNP)
- *Murdo Fraser (Mid Scotland and Fife) (Con)
- *Emma Harper (South Scotland) (SNP)
- *Patrick Harvie (Glasgow) (Green)
- *James Kelly (Glasgow) (Lab)
- *Ivan McKee (Glasgow Provan) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

- John Hamilton (Scottish Property Federation)
- Craig McLaren (Royal Town Planning Institute Scotland)
- John McNairney (Scottish Government)
- Kevin Stewart (Minister for Local Government and Housing)
- Tammy Swift-Adams (Homes for Scotland)
- Jean Waddie (Scottish Government)
- David Wood (Planning Aid Scotland)

CLERK TO THE COMMITTEE

James Johnston

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Finance and Constitution Committee

Wednesday 28 February 2018

[The Convener opened the meeting at 10:00]

Planning (Scotland) Bill: Financial Memorandum

The Convener (Bruce Crawford): Good morning and welcome to the seventh meeting in 2018 of the Finance and Constitution Committee. James Kelly may join us this morning, although he has been delayed because of the weather conditions. I hope that he will make it for at least part of our proceedings. Please set mobile phones to a mode that will not interfere with our proceedings.

Agenda item 1 is an evidence session on the financial memorandum to the Planning (Scotland) Bill. We are joined by Tammy Swift-Adams, who is the director of planning for Homes for Scotland; David Wood, who is the manager of planning and policy at Planning Aid Scotland; Craig McLaren, who is the convener of the Royal Town Planning Institute for Scotland; and John Hamilton, who is the chair of the Scottish Property Federation. I welcome them all and thank them for coming along to take part in the proceedings.

We will go straight to questions. A number of issues are raised in your written submissions, including issues around the funding of local place plans, the introduction of an infrastructure levy, the level of detail that might appear in secondary legislation and so on. Will each of you outline what you consider to be your main concern regarding the estimates in the financial memorandum or any of the proposals therein?

David Wood (Planning Aid Scotland): Good morning and thank you for inviting PAS to give evidence. I will keep my answer fairly short. As you probably know, we are a charity and social enterprise that operates throughout Scotland. Our main remit is to help local people and communities to get involved in the planning system in the places around them. We see the planning reform agenda very much as part of the Scottish Government's community empowerment agenda, which is about giving local people a voice in their places. Our specific interest in the financial memorandum is in the local place plans aspect, as you will see. We think that that is a very exciting opportunity for people to get involved at a local level in plan making in their places.

We commented on resourcing, which we will come back to. We see the resourcing question very much as part of a wider context, which a lot of respondents mentioned: resourcing the planning system to make reform successful and to achieve the aim of having public trust and more local involvement in the system.

Tammy Swift-Adams (Homes for Scotland): There are key aspects of reform that are still to be worked out in detail—the infrastructure levy is one example, but there is also the way in which planning fees will be put in place in future and the cost to all parties of collaborative development planning. The financial memorandum has not been able to cost that, so it does not serve as a very useful tool in looking at the overall cost to developers and development, and to other sectors, too. Quite a lot of parties are concerned that it does not help local authorities to gear up for a more collaborative and proactive planning system. There is a risk that it will be used by local authorities to find cost savings or make cuts to departments. I am sure that others will mention that.

Our main concern is the about potential nature of the infrastructure levy that has been described in the financial memorandum and the policy memorandum. The levy is not what we envisaged through the planning review process. We envisaged the ability to have a clearer approach to developer contributions, and to pool and spend those across a local authority area or perhaps a sub-region, but the levy is more along the lines of the land value tax model, which has not been significantly discussed to date. I would say that the nature of the levy is our main concern.

Craig McLaren (Royal Town Planning Institute Scotland): Good morning. Our concern, and the issue that I would like to highlight initially, is the fact that there is a lack of clarity in the financial memorandum on the resourcing of the planning system and what the new planning system will look like. The planning service and the planning system are currently under a hell of a lot of scrutiny and there are a lot of resourcing issues.

I can give you some figures as an example. Since 2009, there has been a 23 per cent decrease in planning staff in local authorities and, according to figures published recently by the Improvement Service, a decrease of 33 per cent in investment in planning services over the past seven years. That is one of the highest decreases across all services in local government. Using Scottish Government figures, we have done some work that shows that the average amount of money from a local authority budget that goes into the planning service—into development management and development planning—is 0.44 per cent of the total budget. When that is

combined with the fact that the planning fee that is paid for a planning application meets only 63 per cent of the cost of processing that application, we can see that we are in very difficult times. I think that we are heading towards a crisis in resourcing the planning system.

We need to make sure that the financial memorandum gives us some clarity, and we believe that some aspects of it do not provide that. An example of that is where it talks about a saving of between £17 million and £25.5 million from moving from five-year development plans to 10-year development plans. That is not a saving, because that money will still be needed to deliver the development plans, but some people have read it as a saving. I am particularly worried that local authority finance directors will see it as a saving, whereas it should not be seen as that. That lack of clarity, against the backdrop of increasing and severe pressures on resourcing in planning authorities, is the key issue for us.

John Hamilton (Scottish Property Federation): Good morning. I am actually the former chair of the SPF. I was also a member of the independent panel that the Scottish Government set up in 2016 for the review of the planning system.

The SPF's main concerns are similar to those that Tammy Swift-Adams outlined in terms of infrastructure and the lack of detail in the financial memorandum—and indeed in the bill—on how infrastructure is to be funded and the way in which the costs have been calculated in the financial memorandum in the absence of any analysis of economic benefits. There are very substantial cost estimates included in the memorandum, which move towards developer and private sector funding. Without having a wider analysis of the viability of projects and how those will be taken forward, and of the economic benefits of the changes that are being considered, it is difficult to get a view as to whether the proposed legislation will have the intended benefits.

The planning review made fairly firm recommendations—in fact, it made a number of quite strong recommendations—concerning the creation of an infrastructure agency or commission. We are concerned that those are absent from the bill, so they are not dealt with in the financial memorandum. Those recommendations from the original report that was produced in 2016 are quite serious omissions in terms of how the bill is being taken forward.

The Convener: Obviously, our job is to look at the financial memorandum. We are not looking at the policy content.

On the infrastructure levy—on which I will bring in Murdo Fraser in a minute—paragraph 87 of the

financial memorandum outlines how the Government intends to take that discussion forward. It says:

“Before making use of this power, Ministers are committed to undertaking a full assessment, in collaboration with COSLA and other stakeholders”.

It goes on to talk about the viability of developments, economic growth issues and what the regulations will be. Would you accept that the Government recognises that there is still significant further work to be done in relation to some of the concerns that you have raised and that the memorandum outlines how it intends to deal with them?

John Hamilton: Yes, we acknowledge that there are proposals that would be implemented through secondary legislation. We feel that more work should have been done on the output—on the reality of the proposals—before proceeding with primary legislation in which such matters have not been dealt with.

The Convener: If I have this right, ministers are, at this stage, giving themselves only an enabling power and committing themselves to the full assessment that you are asking for. Am I right about that?

John Hamilton: Yes, except that there are omissions relating to the creation of an infrastructure agency, and we feel that it is important that those matters are taken forward. They are key points that should have been given more clarity and more importance at this stage of the bill.

The Convener: Okay, thank you.

Murdo Fraser (Mid Scotland and Fife) (Con): Good morning, panel. I am interested in following up some of the convener's points about the infrastructure levy. We will all be familiar with the section 75 procedure whereby local authorities seek to gain developer contributions for infrastructure, education and various other local amenities. It is clearly intended that this infrastructure levy will be on top of that, because I cannot imagine that local authorities will want to lose any income from developer contributions. I see that Mr McLaren is nodding. Do you have any sense of the rate that the infrastructure levy might be set at, or has that still to be determined?

Tammy Swift-Adams: There is no clear information on what the rate might be, but the clear indication is that the intention is to base it on a proportion of the land value arising through planning. Obviously that will vary depending on the type of development and where it is, but the issue is one of our main concerns. We were anticipating something similar to the community infrastructure levy in England, which is based on a costed assessment of the infrastructure needed to

support development in an area, with the cost then balanced against the viability of bringing forward that development. It is not dissimilar or that far removed from the section 75 procedure—or what in England is the section 106 procedure. The anticipated model that is set out in the financial and policy memorandums is based on land value uplift, which is a quite a significant departure from the current policy approach to developer contributions and partly why we think this bill is premature. There have been discussions about the levy, but not about its being put in place on that basis.

Craig McLaren: According to the financial memorandum, research on the infrastructure levy suggests that it will generate between roughly £30 million and £70 million a year. I keep being told by people who are closer to it than I am that that equates to about two and half schools, which is not exactly the kind of transformational change that is needed as far as infrastructure is concerned.

Infrastructure is incredibly important. RTP1 members from the private and public sectors tell me that they cannot afford to fund the schools, the nurseries, the doctors' surgeries, the roads and the other infrastructure that we need. We are reaching a bit of a crux, I think. Large housing developments are going through the planning system, but no one can afford the infrastructure.

The Convener: I am sorry to interrupt, but you mentioned a figure that is being talked about. Who is talking about it? Where has that information come from?

Craig McLaren: There was some research on the infrastructure levy by Peter Brett Associates that has been published by the Scottish Government on its website. My point, though, is that we need something different that will provide a much bigger pot to allow us to make a transformational change in infrastructure. No one has the cash just now, so we will need to see how that works.

I think that the Scottish Government is interested in and looking at the land value uplift that Tammy Swift-Adams mentioned. That is where if you give planning permission, the land value rises, because the land now has a particular use. The question is how we retain some of that money and use it not just for the person who owns the land but for infrastructure and the public good.

Murdo Fraser: I am sorry, but I want to get a better understanding of this. I am not clear whether the infrastructure levy will be collected in a central pot and then distributed, say, to local authorities through the normal disbursement process or whether it will be collected at local level and tied to specific development projects in the

vicinity of the land that is being developed. Can you provide any clarity on that?

Craig McLaren: My understanding is that it will be centralised. It is under the section 75 procedure that the money is collected at local level.

John Hamilton: I agree. It was recommended in 2016 that the collection be centralised, but a question that has been raised is: who will collect the contributions? There might be some issues as to whether central Government has the powers to raise that sort of funding or whether it would be collected at local authority level; the SPF would have a major concern if collection was made at local authority level rather than at central level, because that has proven to be a problem in England with CIL contributions. We expect that if local authorities collect this money, it will be seen as another layer of section 75 contributions, and it will be difficult to get accountability at national or regional level about how it has been collected and spent.

10:15

Tammy Swift-Adams: This is just another example of how the levy envisaged in these documents is different from the one that we had assumed would come forward as a result of consultation. Sometimes the money that is collected and spent locally at the moment cannot be pooled in the way that authorities at local and sub-regional level might like to, so there is obviously a problem in that respect that we have an opportunity to overcome. The levy in the bill goes far beyond that by saying—if I am right—that local authorities would collect the money, but it would go to central Government, which would then redistribute it around Scotland but not necessarily back to where the contribution arose. That, again, is a big policy departure.

The Convener: Can I tease that out a bit? Paragraph 89 of the financial memorandum says:

“It is envisaged that the infrastructure levy would aim to capture a proportion of the increase in land value attributable to development, and the levy receipts would be used to fund infrastructure which supports development.”

That seems to suggest that, although the money has been raised nationally, it will be applied locally to support on-going development. Is that not right? Is that not your understanding?

Tammy Swift-Adams: That is what is envisaged, but it is not what has been set out in the bill. I guess that it is just to keep options open. After all, you could come forward with any type of levy. However, that is the policy intention that has been set out.

Murdo Fraser: This question might be more for the minister than for the panel, but I am interested

in getting your views on it. If this new levy is, in effect, being collected centrally for the Scottish Government and disbursed on a basis that we do not yet know, I might, if I were the Scottish Government finance secretary, think, "I can use this bonus, extra cash to displace the funding that I was going to put into infrastructure and spend that money on other things." No new money would be going into infrastructure; this money would just replace money that was already there. Is that a legitimate concern, or am I just chasing hares?

John Hamilton: It is a concern in the absence of a body that would be accountable for that income, and it is why we felt that, in the absence of an infrastructure agency, it would be essential to have some infrastructure commission. It would ensure that that accountability existed.

Craig McLaren: I agree. You have to guard against the money being sucked up and the Scottish Government using it as a replacement.

Something that is perhaps missing from the debate is how this could be made to work at regional level—in other words, at the intermediary level between the local level and the Scottish Government. After all, this is meant to be about strategic infrastructure. The problem is that, as proposed, the bill will get rid of strategic development planning authorities. We must try to ensure that we get arrangements in place at that level, because they could help with the collection and disbursement of the infrastructure levy, if it goes ahead.

Patrick Harvie (Glasgow) (Green): Good morning. I have a quick follow-up to the last point that Mr Hamilton and Murdo Fraser discussed. I believe that Mr Hamilton said that there needs to be an accountable body, but the fact is that the Scottish Government itself is an accountable body. It is democratically accountable to this Parliament for the decisions that it makes, including, potentially, the decision to spend additional money on other things that the community also needs and other forms of public spending. What kind of accountable body would be more democratically accountable than the Government is to Parliament?

John Hamilton: This is a question that is being asked not just by the SPF; it is being asked of us by MSPs, too. I would also mention the key agencies in the planning system and in the development process. Numerous agencies are involved in making contributions to development, and public funds are available to them. There are also private bodies such as utility companies that are required to be funded and to make investment in the planning system. If there is no overall co-ordination or if there is no body to co-ordinate public and private sector funding of the development process, challenges will emerge.

Patrick Harvie: I appreciate that, but all of those agencies and bodies are at a further remove from the democratic accountability that the Government has to Parliament. You said that there needs to be an accountable body, but how would it be more democratically accountable than the Government is?

John Hamilton: We have not raised the question of democracy directly. The point that we are making is about accountability and how that funding is spent.

Patrick Harvie: Are they different things?

John Hamilton: Another example that I would highlight is planning fees, which are collected at local authority level. There is no compulsion on local authorities, which are democratically elected bodies, to use 100 per cent of those fees directly in the planning system. The point is that there is—or could be—no real difference between that and the collection of an infrastructure levy. It will be outwith the remit of the collecting bodies. If there is no compulsion to spend that money on infrastructure or on identified programmes, the money will not be spent there.

Patrick Harvie: I still fail to see how there is a lack of accountability in that kind of decision, but there we are.

Tammy Swift-Adams: Somebody needs to be accountable for delivering infrastructure, and I think that that is missing from the planning system at the moment. Under the CIL model in England, because the local authorities put the levies in place and then collect the moneys, they effectively become responsible for delivering infrastructure in a way that they were not before, and it is not a role that they have been geared up for. As a result, the English levy has become, in part, a barrier to development rather than an enabler of it.

With regard to accountability, I understand the point about democracy, but I believe that the important point is that if democratically elected local authorities are not able to or perhaps do not want to become deliverers of infrastructure, somebody else will need to take on that role. That body does not exist at the moment, but if it did, it would need to be held accountable for making sure the money that had been raised for infrastructure was spent on it in time for delivery. I think that that kind of accountable body is missing at the moment, and local authorities are perhaps not best placed to take on that role.

Ivan McKee (Glasgow Provan) (SNP): I thank the panel for struggling through the snow this morning. I want to pick up on two or three points, the first of which is on the infrastructure levy. I appreciate what Mr McLaren said on that. Certainly in my constituency we continue to have examples of significantly large housing

developments being built with absolutely no plans for schools, doctors, community centres and so on to be incorporated. That is a significant issue. To clarify, are you saying that the figure in the financial memorandum of £35 million to £75 million a year is not large enough to support what needs to be done and that you think that number should be bigger?

Craig McLaren: Do you mean the numbers that came from the research, of £35 million to £70 million?

Ivan McKee: Yes. The same numbers are in the financial memorandum.

Craig McLaren: Yes. When the modelling was done, people thought that that was not quite the level that we need. If we are to have transformational change in relation to infrastructure, we will need a bigger investment.

Tammy Swift-Adams: To clarify, the figures in the financial memorandum are not intended to show what additional money is needed to plug the gap between the money that comes from development now and what more is needed to fund infrastructure. The figures just show indicatively, assuming that we want a levy at a viable level that allows development to continue, what could be raised over and above the amount that already comes from section 75 agreements.

Therefore, there are two answers to the question. The figure in the financial memorandum is not enough to fund Scotland's infrastructure needs, but that does not mean that the figure should be higher. It means that there is another figure somewhere else that is the gap between what can viably come through development contributions and the rest of the money that is needed to fund infrastructure. We have not seen modelling of the national infrastructure needs that could be used to see what that other figure or that gap is, but the answer is not just to increase what comes from developer contributions. That has to be done responsibly, and based on research that considers what is viable and the maximum that can be taken from development, and then—

Ivan McKee: I understand. Wherever the money comes from, there is a gap between what is envisaged will be raised and what is required. There is an issue about whether that comes from core Scottish Government funding or wherever. I understand that, so thank you.

My second question is for Mr Hamilton. The financial memorandum states that the Scottish Property Federation has estimated that project costs could be reduced

“in some cases by 25% to 30%”.

Do you recognise that? I believe that the figure came from the SPF, but it does not appear

anywhere else in the financial memorandum, or am I missing something?

John Hamilton: I am not sure about the context of that statement. We do not anticipate a reduction in the cost of development. On infrastructure, we would agree with the position that Craig McLaren takes regarding scale of development. In my day job, I work on a development of about 3,500 houses. The infrastructure spend and section 75 contributions on that project amount to close to £140 million, so we are talking about infrastructure and planning gain cost of typically £30,000 or £40,000 per house. That goes nowhere near figures that are set out in the memorandum as to the amount of funding that will be produced through the new legislation.

Ivan McKee: I understand that but, leaving that to one side and focusing on the point about project costs, you are saying that you do not recognise that quote that is in the financial memorandum.

John Hamilton: No—I do not recognise it.

Ivan McKee: For clarity, I will read it out. It states:

“The Scottish Property Federation has estimated that reducing delays and providing greater certainty to developers, as the reforms are intended to do, could reduce project costs in some cases by 25% to 30%”.

John Hamilton: I think that we were looking at the potential for making efficiencies in the planning system and having earlier delivery.

Ivan McKee: Correct.

John Hamilton: House-building organisations that have a large number of projects have to plan on the basis of the prospects for securing planning consent in time. Those companies typically have an annual business plan and they have to focus on what business they can deliver in every year. What was being said was that, if we have improvements in the planning service to improve the time for consenting planning, along with all other consents that are required for development, that potentially could reduce operational costs.

Ivan McKee: So the statement is correct.

John Hamilton: It is correct if there are improved efficiencies. The bill is intended to create a better planning service, but we do not want to confuse that with where we think costs have been added in relation to infrastructure.

Ivan McKee: I am not talking about infrastructure; I am talking specifically about project costs.

John Hamilton: That saving would be made on project operational costs.

Ivan McKee: Do you have any idea about how much that might come to? As far as I can see,

such a figure is not included in the financial memorandum.

John Hamilton: No. I think that, for a house-building organisation, the main savings would be in the business overheads. Most of the big UK house builders now operate on a regional level. The larger companies may have £100 million-worth of business in each region and their overhead level could be something like £7 million or £8 million as part of that business. If they achieved a 25 per cent improvement in that, each of those companies could achieve, say, £2 million in savings.

Ivan McKee: It is a reasonably significant number.

John Hamilton: Yes—with that improvement in efficiency.

Tammy Swift-Adams: Homes for Scotland believes that there are other costs arising from the bill that are not in the financial memorandum and that would fall on the private sector. There might not be individual project costs, beyond the levy that we have already talked about and the increase in development contributions, but there will potentially be increases in planning fees and in fees for other types of development management activity, including some work that is currently undertaken and funded by the Scottish Government.

10:30

There will also be additional costs for preparing sites to promote them into a plan, particularly viability assessments, and there are other costs just in terms of the culture that we all know we need to move towards if we want planning to be a more positive collaborative and productive process. That includes the costs of collaborating with the public sector and communities and the preparation of the national planning framework and the local development plans, as well as offering peer or customer input on performance work and making a contribution to councillor training. We need to look beyond the traditional planning things that happen at the moment such as planning applications and site promotion for plans. The house-building sector knows that a lot more work needs to be done to make planning work for it and for others. However, none of that is costed. Only the levy is costed in the financial memorandum, but all those other costs exist.

Ivan McKee: So those are additional costs that developers would incur, were the bill to be passed.

Tammy Swift-Adams: Yes. They are things that do not cost money now that will cost money in future.

Ivan McKee: To recap, the financial memorandum is missing a bit on the savings in project costs and it is also missing a bit on those additional costs that developers would have to incur to comply with the bill.

Tammy Swift-Adams: Yes.

Ivan McKee: There are at least two things missing.

David Wood: To follow on from Tammy Swift-Adams, it is worth remembering that the issues of the planning reform process, housing, infrastructure and public trust are linked. A lot of public concern about new development often relates to the provision of infrastructure, so getting the infrastructure question right is almost a matter of preventative spend. If we can get the approach on infrastructure right, that will allow developments to be delivered more effectively and with an element of public trust.

Ivan McKee: My final point is on an issue that Mr McLaren mentioned. The financial memorandum contains a figure for the savings to planning authorities, although it says that that is a notional number. Correct me if I am wrong, but I think that the Government is saying that, if we added up all the notional time saving and costed it, we would get that kind of number. It also says, as Mr McLaren rightly pointed out, that that does not necessarily mean that we can extract that number from the budget. However, it should mean that that amount of time is available for planners to spend on other things, which in theory should relieve the pressure that the planning system is under in other areas. Is that how you interpret that?

Craig McLaren: Yes. The key is the move from statutory five-year development plans to 10-year development plans. We support that, because it will mean that we are not in a constant cycle of producing new plans. To be honest, plans do not change that much—although certain areas and places will change—so the move to a 10-year cycle is a good thing. However, the premise of that is that it will free up staff from producing and consulting on development plans and allow them to deliver the development plan. The slightly worrying thing for us is that the financial memorandum sometimes reads as saying that that is a saving, because that resource will no longer be attributed to a statutory function of the planning service, as the statutory function is the production of the development plan and not the delivery of it.

Ivan McKee: I understand.

Craig McLaren: The Scottish Government and others need to make it clear that there is not really a saving at all, as that resource is just transferring from production to delivery. That is a really important point.

Ivan McKee: Thank you.

Alexander Burnett (Aberdeenshire West) (Con): I note my entry in the register of interests relating to development, house building and construction.

Paragraph 4.6 in the Homes for Scotland submission mentions concerns over there being no improvement—or worse, a reduction—in service and the consequence of a slowing of delivery of homes. On that issue and the bill more widely, do you foresee an improved or an impaired delivery as a result of the proposals?

Tammy Swift-Adams: There is nothing in the bill that gives us confidence that planning performance, and particularly the way in which planning services support the delivery of new homes, will improve. There is a huge amount of reliance on collaborative work that happens outside the legislative framework, but there is nothing in place that guarantees that home builders will have more of a role in development planning, which we think would help with making them more delivery focused. Therefore, the bill will not improve performance. As I think we said in our written submission, it is not guaranteed to help deliver more homes.

Craig McLaren: There is an important point to be made about how we measure the success of the planning system. Different criteria are used. The one that generally seems to be used is the speed of processing planning applications. That is undoubtedly important, but other things are important, too. The outcome that the decision achieves is incredibly important as well. Every local planning authority publishes annual planning performance frameworks, which show how the authorities are performing against a number of criteria and which are marked by the Scottish Government. Over the past three or four years, there has been an improvement in the range of different criteria in those frameworks.

There is undoubtedly still work to be done, as I think we all appreciate. There is a lot of work to be done in improving the timescales for processing planning applications as well. Again, we need to invest in that. At present, the Scottish Government invests very little in that. Local authorities put some money into a pot with the Improvement Service, which is matched by the Scottish Government and which goes some way towards dealing with the issue. However, in England, a new delivery fund of £25 million has been announced, which is to help people to deliver housing. That is focused on things such as increasing partnership working, introducing innovation in processes and services and improving the design of places. We have nothing of that scale in Scotland. I know that it is difficult, but I would love to have something like that,

because it could make a difference and be a bit of a game changer.

Neil Bibby (West Scotland) (Lab): I want to ask about costs to communities. The RTPI is

“concerned about the failure of the financial memorandum to offer an estimated total cost of production of local place plans”.

PAS has said:

“Communities must be resourced to deliver LPPs”.

There is an estimated cost of nearly £12 million to communities in the financial memorandum. Is that a realistic figure and is it a fair burden to put on local communities?

Craig McLaren: The figure of £12,000 or £13,000 in the financial memorandum is not necessarily the cost to a local community; it is the cost of supporting a community to produce a local place plan. That is based on figures from down south for taking forward neighbourhood planning. However, neighbourhood planning is different from local place plans—there are similarities, but there are also differences. In Scotland, we have tended to use charrettes, which are community-focused workshops that take place over three or four days to start the discussion and dialogue about what people want and do not want, what the consequent constraints are, what the opportunities are and who does what in taking that forward. From what we hear, those cost between £20,000 and £40,000 per event. Taking an average cost of £30,000, if we have, say, three local place plans in each local authority, that will be roughly 100 local place plans in Scotland, which is £3 million all of a sudden.

The issue of how that can be funded has to be looked at. If there has to be prioritisation, we would argue that it would be best for the money to go to the areas where there will be most change and probably more disadvantaged areas, where there is less support, and areas that need to benefit from planning. There is no figure for that from the Scottish Government. It would be good to hear its figure for Scotland as a whole, and not just one that is based on the neighbourhood plans.

David Wood: I back up what Craig McLaren has said about the approach in Scotland being different from neighbourhood plans. A key part of our work over the past four or five years, as a third-sector organisation, has been helping communities and facilitating the delivery of what could arguably be called community-led plans. The project that we did with the Isle of Rum Community Trust was the example that the Government gave in the early planning review document.

We agree that the figure in the financial memorandum is probably too low, particularly if

the Government wants to continue the fairly robust charrette-based approach, as we believe it does. This year's charrette funding has been tilted towards local place plans. If there is to be public trust and robust engagement and, as an outcome, the sort of plan that the local authority has trust in and respect for, the sort of funding that is mentioned in the financial memorandum needs to be looked at again.

Tammy Swift-Adams: A lot of the figure of £12 million for the cost to communities is made up of costed volunteer time rather than actual money available to those communities. Like other stakeholders, Homes for Scotland and our members know that the local place plans have to work if they are to make communities more proactively and positively involved in planning and more positively involved in development as a consequence. I am concerned that, beyond that costed volunteer time, there is no firm money on the table from the Scottish Government to support neighbourhood planning.

In England, huge amounts of money—several million pounds a year—are being spent on supporting neighbourhood planning. It would be helpful if the financial memorandum was able to give more positive confirmation that support in some form will be forthcoming from the Scottish Government, and, I hope, the scale of that support. There is some comment in the narrative, giving examples of where the Scottish Government supports communities at the moment, but those involve relatively small amounts being spent on design-focused activities. Communities and the wider development community need to see what level of support the Government is going to put into brand-new activities such as local place plans.

Craig McLaren: I want to add something that has been sparked by what has been said. The local place plans are really important. As has been said, they are one of the game-changing elements of the bill and we need to make sure that they work. One issue is that there is a need to better link spatial plan approaches with community planning, which takes place across the public sector as well. There may be opportunities through the local place plans to join up some of that thinking in relation to how public sector organisations work together to engage and work with communities and then how they consider and take forward what has been generated by that consultation and how that is split up among the various organisations and departments in local authorities. There could be a saving in that, but that depends very much on the idea of place making and communities being at the heart of community planning.

John Hamilton: The emphasis on early engagement in the bill ties closely to the idea of place making in Scotland. In our view, the charrette process is not adequately funded and is not directly linked to local development plans—it is very much a parallel process. There are a large number of registered community bodies in Scotland—there are close to 2,000 registered community councils or community organisations. However, the amount of funding for those organisations in general is extremely low. There is a high reliance on voluntary action in communities and a great range in the amount of activities and time that people invest in communities. To match the recommendations on early engagement, there has to be a more formal means of providing support directly to communities for local place planning.

The Convener: That is a common theme. John Hamilton has made an interesting point about LDPs and charrettes being similar in what they do. I have been involved in a charrette in Callander in my constituency. A very in-depth process takes place over a number of days, and the process involves lots of workshops across the community for a long period of time. Eventually, the process involves the production of a high-quality report by the consultants and further consultation at the end of it. However, from what I have read, LPPs are not meant to be at that level, which is almost an LDP part of the process, because they are supposed to feed into the LDPs in future. Therefore, is it fair to compare the charrette process with the envisaged LPP process?

10:45

John Hamilton: The point is well made. The charrette process is almost an ad hoc one. In many cases, it is promoted through a local community having a voice through its councillors to raise concerns, but it is an ad hoc process; it is not embodied in the planning system. We feel that a wider and possibly more portable process—I am not quite sure how I would describe it—could be applied throughout communities, especially where housing growth is a requirement.

The Convener: I apologise to Neil Bibby for interrupting him.

Neil Bibby: I want to follow up on something that Mr McLaren said about the prioritisation of funding for deprived communities. We have received evidence from PAS, which is concerned about more deprived communities being

“less able to find the means to fund the preparation of LPPs”.

How can we best support deprived communities? Does the rest of the panel agree on the prioritisation of funding for more deprived

communities? Does anything else need to be done to ensure that the poorest communities engage fully in what has been proposed?

David Wood: The legislation will not cover that. It will rightly say that any community should have the right to prepare a local place plan. A decision might have to be taken at the national level or the local authority level on whether a local place plan should be prioritised for a particular community where we know that a capacity or desire may have been identified through community planning engagement and that there would be a desire to take forward a local place plan, but that sort of aspiration probably cannot be put in the bill. There has to be a discussion about that once the legislation is in place.

Tammy Swift-Adams: We would not want to limit too early where we were going to support local place plans because, as well as in deprived communities, we need local place plans to come forward in areas that are under the greatest development pressure, which are often the opposite of deprived community areas. Local place plans are part of a planning solution to a situation in which the planning system is not delivering enough new homes and we know that community views and community concerns are part of the reason for that. If we do not support local place planning in the areas in which there is that conflict at the moment, we are missing a trick.

Craig McLaren: Ideally, everyone and every community should have the opportunity to produce a local place plan. I do not think that we will have the resources for every community to do that, which is why I mentioned prioritisation. I said what I said because I think that some areas will have less capacity to deliver a local place plan. They will also have less capacity to crowdfund money to do that, they will need more intensive work, and there might be more of a need to generate some discussion about that. That is why we think that some priority should be given to more disadvantaged areas. In many ways, they need change as well, and that is what planning is all about. It is about facilitating change.

John Hamilton: The SPF would agree with that. If local communities want to be engaged in the planning process, they should have the financial means to do that. That will not apply to every community. There is no intention to create a full further tier of the planning system. There were recommendations in the review to streamline planning and make it more efficient, but also to allow local communities to be engaged where that is intended or wanted by them. However, that will require financial commitment from the Government as well as from voluntary services and costs. There will be further costs on the

development sector from the early engagement proposals that have been recommended.

Willie Coffey (Kilmarnock and Irvine Valley) (SNP): On the local place plans, will you clarify a few things that I have just heard, please? Paragraph 58 of the financial memorandum mentions the estimate that has been provided to help to support the development of place plans. It puts the average cost at around £13,000. That evidence is taken from our knowledge of the Coalfields Regeneration Trust, which I am reasonably familiar with in East Ayrshire. Are you saying that, from your evidence and experience, that figure is far too low? What examples have you worked with in Scotland that suggest that the figure might be higher?

David Wood: The general trend comes through in the responses that the figure is probably a bit too low. I do not think that local place plans have to cost the earth. In addition, the more people do, the more efficient they become, although some communities may do something only once, and it will last for a certain amount of time.

The Scottish Government has tried to do something new through rolling out the charrette approach. Although we do not necessarily want to say that a local place plan has to be a charrette, some projects that we have led are essentially local place plans, as I have said. To manage such projects, a figure of more than double the figure that has been quoted is realistic, to be honest. A figure of £25,000 or £30,000 or possibly more is realistic. I think that the Leith creative project quoted the figure of £40,000 for funding to do an urban-based, in-depth charrette process. It is difficult to be prescriptive, because every local place plan will be quite different, depending on the circumstances. However, as Craig McLaren, Tammy Swift-Adams and John Hamilton have said, we are talking about quite a big change to the planning system and how planning will be done, so we should be realistic and ambitious about the resourcing that needs to go into it.

One organisational discussion that we have had was about whether all the local authority funding that will be directed towards local place plans will have to come from planning. Planning cuts across many different aspects of public life and transport. I am involved in leading a community project in Edinburgh, and I know that we have to look across the local authority to see where we might lever funding from. Sometimes that might be from roads and planning sections.

John Hamilton: To pick up on that point, for a local place plan to be meaningful, it has to address quite a broad range of topics that are addressed in local development plans. "Planning" is a generic heading that includes the environment, ecology, utilities, drainage and water, transport, education

and health. It can be seen that, for all those matters to be addressed in a local place plan, £13,000 is probably quite a low figure when we begin to break things down. It is difficult to put a number on the cost, as it will naturally change from place to place, but we would expect in excess of £25,000 to £30,000 on average for a meaningful development report to be put together for communities.

Craig McLaren: The figure of between £25,000 and £40,000 that we have mentioned is just anecdotal from talking to different people about what charrettes have cost.

As I said earlier, it is important to be reminded that what has been proposed is, in many ways, a fundamental part of trying to reconfigure the planning system in order to make it a much more frontloaded and proactive service in which we try to get discussions about what people want in their community contextualised within the resourcing framework, the policy framework and the practical framework that they find themselves in. We cannot just use sticking-plaster money for that. We have to invest in it properly and things have to be done properly, because the approach will give a really good fundamental base for the way in which the place will develop over time.

As has already been said—John Hamilton and I have mentioned it—the idea of trying to link community planning and spatial planning community engagement exercises through charrettes has some mileage in it. PAS has already done some work on charretteplus, which looks at not just the planning issues for an area, but the issues in the whole round of areas and then figures out how we can take them forward. Is there a planning issue that should be looked at through the development plan, or should something be done through social work, education or whatever? There is scope to join up some of that work through the community planning process, but we need to try to get some support to try to push that as a principle across community planning partnerships as well.

Willie Coffey: Can you give me any specific examples of where that kind of cost indicator is a valid one? We are about to ask the minister about the matter. The only figures that I have are from the real example in the financial memorandum of the Coalfields Regeneration Trust, which sets the cost of the plans at between £10,000 and £15,000. Where else in Scotland, apart from in the Leith example that David Wood mentioned, are we seeing such local plans—let us remember they are not charrettes—giving that kind of cost indicator?

The Convener: As you are thinking about answering that, can I reflect on my constituency? I have to bring to bear what I know. Right across my constituency, in villages and towns and the urban

bit in Stirling, communities are doing future planning for themselves right now. They are producing local plans and local vision documents on what they need for the future. I might be lucky in that that goes on quite a bit in my part of the world, and I am sure that there are other places where it does not go on.

Although those plans do not have an impact on the local development plan through statutory means, local authorities that are sensitive to these things are already taking such plans on board. A lot of this work is already going on at a low level. What we are doing in the bill, as far as I understand it, is to try to turn some of that into a process that feeds the system on a statutory basis, where people feel that they have better rights. If I have got this right, many local authorities and the national park authorities are already giving officer time to that activity. If that is already happening, are some of the costs not already in the system?

Craig McLaren: You are right. For example, in the area that you have talked about, in Loch Lomond and Callander, the charrettes have been—

The Convener: It is not just the charrettes. This work is at a lower level than that.

Craig McLaren: I understand that. I will come back to that, but the charrettes have been funded through the Scottish Government mainstreaming charrettes programme, so there are some figures for them. The Scottish Government has provided some money and there has been leverage from elsewhere. There may be some costings that you can get from that, and PAS has done some work that you can look at.

Your point about the low-level stuff is a good one, and we should not forget about that work. A lot of work is going on across communities to try to figure out what people want for their communities, and that is fed into the development plan system and the planning system. You are right—we should not forget about that and we should be encouraging it. In some ways, as you said, the local place plans are just formalising some of that. To me, that means that the local place plans are best placed if they are created at the start of the development plan process and they input to it.

One issue that we might have with local place plans is that, if they come along once a development plan has been published, there can be issues in squaring the two.

The Convener: The point that I am trying to make is that, in some areas, a lot of the costs that we are talking about have already been met. They are already being supported by local authority activity, by officer time, by national park time or in

other ways, so some of the cost is already in the system.

Craig McLaren: You are right, but one of the ambitions of the bill is to further enhance community engagement in the system, so we need to support it as best we can.

The Convener: I understand that.

Craig McLaren: That stuff is all very valid and very good, but we need to try to get more people involved as well.

Tammy Swift-Adams: It is also important to note that the proposal is meant to put decisions on whether to produce a plan and what type of plan to produce into the hands of communities, and that activity will be over and above anything that is already being led by local authorities.

As local place plans have been set out, they are very flexible. What local communities could try to do with a local place plan is almost limitless, but it will be limited by funds. At the very least, communities are going to want to produce plans that are development plan ready if they want them to be part of the development plan. There is no point in a community spending a limited amount of money on a plan that it finds it cannot promote into the local development plan at a later stage even though it wants to do so because the robust assessment that the local authority needs has not been done—for example, there has not been a look at impacts, options or viability. I would not want to limit what a place plan can do.

11:00

The Convener: I apologise to members who are waiting. I am into this stuff. [*Laughter.*]

Patrick Harvie: Convener, I am delighted that your constituents are so much happier with the planning process than mine are.

The Convener: I did not say that they are happy with the planning process. That is a completely different thing.

Patrick Harvie: I was on the committee—which possibly met in this room—that scrutinised the previous major planning bill, which became the Planning etc (Scotland) Act 2006. There was a lot of talk then about up-front involvement and proactive, front-loaded participation, so it all sounds familiar. However, it does not just happen, and it needs to be resourced. That has come through from all the witnesses' comments so far.

I have two specific questions about the way it ought to be resourced. One is about who gets to direct and organise the activity and who is responsible for financing it. Should we direct resources, if we can, down to community bodies given that, in some parts of the country, there is a

healthy scepticism about local council-led processes and people feel that they are led to where the council wants them to go on local plans, or there are developer-led consultation processes in relation to specific events and, again, people feel that they are being led in a particular way? Should we commit resources directly through community bodies?

Secondly, where should that come from? I am a little sceptical that the shift to 10-year local development planning cycles will save as much as is being predicted. I wonder whether the resource will just be spent in a different way and whether local development plans being regarded as out of date might lead to more in the way of disputes and conflict, which could increase costs. If there is any saving from the process, is a potential way forward not to redirect money that is saved because of the 10-year cycle into funding communities to engage in the activity that we are looking for?

John Hamilton: Even within the industry, we would agree that the 2006 act's intent on consultation was not delivered, primarily because it created a one-way process. Obligations were placed on the applicant to go through a process that was not necessarily received by the community. Under the new proposals, we can see that it is intended that there will be more of a two-way process and it will be more like real engagement. At the same time, however, the other party—the community—has to be well organised and, to an extent, financed or resourced to be able to be engaged in that.

On the point that communities are already engaged, we are aware that certain communities are active. An example is Kilmarnock, where communities have been proactive and created their own place plan, which has been well received by the local authority. I am also aware of communities in other local authority areas who have spent a lot of time and effort putting together their own visions on place that have not been well received by the local authority and have had no hearing in the local development plan. For each of those communities to have equal standing, there needs to be more formalisation of how they are financed and resourced to produce their own place plans.

Craig McLaren: Patrick Harvie's point about the 2006 act makes it even more important that we get it right this time. Last year, the Scottish Government published some research that it had commissioned on communities' perceptions of the planning system, and it did not paint a particularly good picture for planning. I want to change that. As a profession, we want to change it.

I would like us to move away from a situation where the main times that people engage with the planning system are when they have to object to

something. It would be better if we had a system where we got together at the start of the process and talked about what we wanted for an area, and not what we did not want. That is where local place plans and charrettes can be incredibly useful, and a more front-loaded and proactive approach can work better. From there, we would come to agreements on what we want, who will do what and who will resource what. I take Patrick Harvie's point there. We need to get it right.

On resourcing, we have already seen some of the Scottish Government's mainstreaming charrette programme being commissioned directly by community groups themselves. It is not just going through local authorities. A lot of it does so, but we will see more and more community groups doing that work. I would like to see more community groups taking control, doing the commissioning and working with professionals to help them to contextualise what is there.

On whether there are savings to be made from 10-year development plans, it is all about delivering the plan and improving engagement so that we can use some of that resource, as we have heard. As I mentioned, there is a corporate need to realise that planning and place making meet many different interests across local government and community planning partners. We should be thinking about community planning partnerships, given that this work is a priority, and funding some of it, because it can help them to reach the issues that they deal with, not just in planning but in health, education and all the other things as well.

Tammy Swift-Adams: On where we would divert the savings from plan preparation, we agree with what is set out in the policy memorandum. It is important that that money gets diverted to delivering plans, because plans are not coming forward in the way that they should. That is a problem for development and Scotland's housing and economic needs, but also for communities, which are looking to plans to try to predict what is going to happen in the future.

Rather than just delivering anything, we need to deliver what communities need and something that developers can work with and are able to deliver. It is clear that the new planning regime, as set out in the policy memorandum, is going to be a lot more collaborative and front loaded. The Government has not gone so far as to take planning out of the hands of local authorities and give it to developers or to communities, but it clearly expects local authorities to work more collaboratively in the future. There are opportunities to look at governance models at the local level that bring developers and communities together around tables with the local authorities to have more of a directional and shaping role in

what the strategy should be for the area and what policies, sites and delivery mechanisms we need for that.

None of that is going to come about from what is set out in the bill, because I think that the Government recognises that, to some extent, we need a bit of freeing up of red tape. However, a successful future absolutely relies on that happening. Again, that work is not recognised or costed in the financial memorandum. It is not a matter of taking control and giving it to communities or developers instead. It is about bringing all those people together and resourcing the work.

David Wood: We are an organisation that helps communities and individuals with planning and place making, but we also have professional planners working with us in a large contingent of volunteers. Several hundred planners and other professionals volunteer with us to help to deliver our services. We, too, want to see a situation where there is public trust in what the planning system is for, which is to make often tough decisions in the public good.

More specifically, on resourcing and the 10-year local development plan process, I have heard some local authorities say that their expectation might be that local development planning staff, during the 10-year period, depending on what is happening with the plan, will move towards focusing on planning applications and delivering them forward. Equally, however, it might be that a big part of the local development plan team's role within the 10-year period is to assist community groups who are doing local place plans.

The comment about the Loch Lomond and the Trossachs national park was interesting. If we look at its approach to engagement, if I understand it correctly, it used the charrette process in some areas throughout the park to create a culture where communities felt supported and wanted to go forward and produce their own local place plans. Again, it may be a matter of creating that culture.

We should not underestimate the importance of volunteering in producing the plans. Last month, we did some engagement on a project in Bo'ness with Falkirk Council community planning partnership. Seemingly, Bo'ness won an award for the culture of volunteering that exists in the town. However, that is probably not enough in itself, as I said, to create the local place plans that we want to see as a transformational change.

Craig McLaren: Can I quickly come back on what David Wood said? It is a measure of the importance of community engagement to the profession that 20 per cent of RTPI members volunteer for PAS. For a profession, it is a hell of a

lot to have a fifth of people volunteering. Although we cannot rely on that for the charrettes, it shows our profession's commitment to ensuring that communities are engaged.

The Convener: I think that Tammy Swift-Adams still has one point to make.

Tammy Swift-Adams: Yes. Mr Harvie raised the issue of the risk that the move to 10-year development plans would lead to those plans becoming less relevant over time and to community trust falling away. We agree that that is a definite risk. We are concerned about the lack of a clear trigger in the bill for reviewing plans if, for example, we get to a point where there is a significant shortfall in the housing land supply, which, based on current practice, you can easily envisage happening across Scotland. Although the policy memorandum says that that might be a trigger, it is not in the bill at the moment.

One of the main sources of community distrust in and dissatisfaction with planning is the extent to which housing development matches—or does not match—site allocations and housing supply figures. I agree that that is a real issue—there should be a proper trigger in the bill to ensure that plans are updated if there is a mismatch.

John Hamilton: I am aware that the proposal for a 10-year cycle has created a lot of debate and probably some disagreement, but I think that it is intended that there should be a longer-term vision, especially in house building and place making. That longer horizon is absolutely critical to our ability to produce good places.

Another benefit of the 10-year cycle is that it avoids planning authorities regearing themselves every five years without having had a proper review of what has been delivered and achieved in the five-year plan. It is important that, rather than there being a process of dispute every five years, there are centralised housing targets and better updating of housing land supply. The planning review felt that there were improvements in technology that mean that data can be updated more quickly and housing targets from a central source can be co-ordinated better at the local authority level. We would agree, though, that there must be a means by which plans can be updated sensibly throughout the 10-year period.

The Convener: I think that Patrick Harvie has a very small supplementary.

Craig McLaren: Could I just clarify something?

The Convener: You can do so once Patrick Harvie has asked his question.

Patrick Harvie: I do not want to get into a policy discussion about 10-year cycles—that is for the Local Government and Communities Committee to look at—but I am a bit unclear whether the

witnesses are saying that the move to a 10-year cycle will result in the projected savings that the Government has set out in the financial memorandum or whether we should be sceptical about savings on that scale.

Craig McLaren: The savings in the bill are only notional in so far as they are savings when producing a plan. Resources will still be required to deliver plans, and to support the delivery of local place plans, too. It is not a saving at all—essentially, it involves a transfer from one budget column to another.

Tammy Swift-Adams: I would agree. I do not think that local authorities are likely to make savings from the change. New delivery activity is expected, and on top of that some mid-plan cycle updating and refreshing will need to be done. If anything, more work will need to be done.

John Hamilton: The SPF would agree that it is not expected that resources will be taken out of the planning system; instead, we would expect resources to be redirected. Different types of efficiency and improvement in deliverability and targets will be achieved throughout the 10-year period, but there will not be efficiencies in the costs of the resource, which will have to be maintained and redeployed.

The Convener: That is quite clear from your answers. I thank the witnesses for coming along this morning. Your evidence will help us to produce our report on the financial memorandum.

11:15

Meeting suspended.

11:20

On resuming—

The Convener: Colleagues, we will now continue to take evidence on the financial memorandum to the Planning (Scotland) Bill. I welcome to our meeting Kevin Stewart, the Minister for Local Government and Housing, Jean Waddie, bill co-ordinator, and John McNairney, the chief planner. I invite the minister to make a short opening statement.

The Minister for Local Government and Housing (Kevin Stewart): Thank you, convener, and good morning to you all. Before we get into the detail, I emphasise that the bill is just one part of a much wider programme of reform to the planning system, building on the independent review that reported in May 2016. The overall review will include changing secondary legislation under existing powers, policy and guidance, and encouraging broader changes to culture and performance in planning departments. We want to

free planners from the constant round of preparing plans and give them more time to focus on engaging with communities and supporting the actual delivery of development. The aim is to remove processes that add little value and free up resources for more productive activity.

A strong planning system is needed to support the economy and communities, and I am not talking about deregulation or weakening the system. It is about reducing procedure that does not add value so that we can all focus more on outcomes.

Our overall intention is that the reforms should be largely cost neutral for planning authorities, but we have to take it in stages. The bill removes some big formal processes from the system, so on its own it appears to produce savings. We expect those resources to be redirected to the other activities that we want to see, but they will be required through secondary legislation or encouraged by new performance measures. The details of those are not yet in place so they cannot be specifically costed and set against the resources that will be freed up by the bill. When detailed procedures are worked out, we will seek to make sure that they are streamlined and do not require any more resources than the existing ones while providing a more effective service.

There are also other changes to be made to existing secondary legislation, including to fees and community engagement requirements. Although they are part of the wider review, they do not arise from the bill and are yet to be designed and consulted on, so they are not included in the financial memorandum.

As the bill is only one part of our reforms, it is challenging to set out how the financial aspects fit together. I am happy to help the committee with any questions members might have today.

The Convener: Thank you, minister. You referred to costs and efficiencies and the potential for transferring costs effectively. I would like to start in that area, if you do not mind. Paragraph 10 of the financial memorandum says:

“COSLA has suggested that the proposed timescales for the changes arising from the bill allow time to undertake a fuller consideration of current costs. The Scottish Government will work with COSLA and individual planning authorities to gather more meaningful information on future costs as detailed proposals for implementation are developed.”

Can you provide any more detail on the work that is going on with the Convention of Scottish Local Authorities and the planning authorities in that area to gather more meaningful information on future costs? I realise that it cannot all be defined at this stage, but it would be useful for us to understand where you have got to on the journey.

Kevin Stewart: I will bring in my colleagues to give you some more detail, but it would be fair to say that one of the first things that crossed my desk when I took up my post was the report from the independent panel into the review of planning. Since then, we have engaged with stakeholders throughout the process in order to get it absolutely right. We will continue to do that all the way through the process, not just during the passage of the bill, but as we continue to change things, and that will include dealing with national planning framework 4 and Scottish planning policy.

My officials engage with local authorities regularly. Only yesterday I met the high-level group on performance, which includes COSLA, and it is fair to say that discussions around that table are often robust. We will continue to work with local authorities and they will help us to shape what we require to do over the piece.

Mr McNairney can talk about issues around co-operation with authorities.

John McNairney (Scottish Government): Throughout the process, from when the panel was established to where we are today, we have tried to work as inclusively as we can with the profession and other stakeholders. Once the bill provisions go through in whatever form they emerge, we will look to provide guidance and regulation across a whole range of policy changes. A series of working groups have now met a few times to help to define policy and give the views of the different stakeholders that have an interest. We will reinvigorate that process when it comes to guidance and regulations.

We also engage regularly with heads of planning, industry, COSLA and other stakeholders, and we will continue to make the process as inclusive as we can. There are different elements within the bill and we will look to co-produce some of those, whether it be the national planning framework or guidance or the regulations themselves. We will try to be as open as we have been in the past.

Kevin Stewart: Heads of Planning Scotland, which has been helpful to us during the process, is updating its 2013 study on costs and the relationship to fees. Again, that is another piece of work that will be very useful to us as we move forward.

The Convener: We will now get into some of the issues that emerged during our previous discussion.

Murdo Fraser: During our earlier session today, we heard evidence about the infrastructure levy that is proposed in the bill. Are you in a position to share any more detail with us about the infrastructure levy, how it will operate, what sort of rates will be set and how they will be calculated?

What is the aggregate sum that you might expect to raise from the it each year?

Kevin Stewart: I have acknowledged all along that more work needs to be done on the infrastructure levy to develop a fair and practical model that does not impact on development viability. I think that the committee heard from witnesses earlier about the study by Peter Brett Associates—if I remember rightly—which is available for viewing on the Scottish Government website. We require to do more work in this particular area, which is why we propose that there should be an enabling power in the bill so that the levy can be introduced once we have worked out all the operational details.

I have talked about the model and the research shows a model that has provided some indicative costs, but that is only one option. We will carry out a full financial assessment and consultation on more detailed proposals when the time comes.

Murdo Fraser: You might or might not be able to answer my follow-up questions, but I will give it a go because clearly we are very much at the conceptual stage rather than making detailed proposals. Do you imagine that the levy will be collected nationally and divvied out on a national basis, or will there be any links between how the levy is collected locally and the investment back into a particular locality?

11:30

Kevin Stewart: I would expect investments to go back to localities. This line of questioning came up at last week's Delegated Powers and Law Reform Committee. We are talking about delivering locally.

It might be a point that some of that money will be held by the Scottish Government. The example that I gave last week at the Delegated Powers and Law Reform Committee was the Aberdeen western peripheral route, where the Scottish Government paid 81 per cent of costs, Aberdeenshire Council 9.5 per cent, and Aberdeen City Council 9.5 per cent. There might be good reason for that money to be used for procurement at the national level, but what I can say to the committee—and I heard some witnesses speaking about this at the earlier evidence session—is that this is no bonus extra cash for Mr Mackay.

Murdo Fraser: Thank you. It is good to hear that, because we heard the concern that this money would be collected, and it would go into the Scottish Government's pot and be used to displace existing infrastructure funding, so you are reassuring me that that is not going to happen.

Kevin Stewart: That will not happen.

Ivan McKee: I seek clarity on a couple of detailed points in the financial memorandum as it stands. The figures for the infrastructure levy are clearly an estimate, but they are shown as a potential cost for developers. I am not sure how you form the financial memorandum, but that money would clearly be collected and put back into the system, either at the national or local level. Should it therefore not also be shown as a gain to local authorities?

Kevin Stewart: It is not really a gain because they will have to spend it all on infrastructure. The numbers that we have in the financial memorandum are from the research and modelling that were done by Peter Brett Associates, with the lowest level and the highest level depending on that modelling. As I said, we have a fair amount of work to do in this area; I have made no secret of that right from the beginning. That is why we are seeking the enabling power. Of course, we will continue to consult across the board, but we have to get this absolutely spot-on.

I heard criticism from some of the committee's earlier witnesses about the situation south of the border, where some local authorities are currently using the system that is available to them there and others are not. I am absolutely determined to achieve a fair and balanced system that does not impede development, so a bit more work is required.

Ivan McKee: Yes. I am not sure I follow through the fact that you are going to spend it means you cannot count it as a gain, because at the end of the day, all money gets spent. The second point I wanted to raise was around—

Kevin Stewart: I point Mr McKee to paragraph 93 in the financial memorandum on this point. It states:

"The income from the levy, discussed in paragraph 94, will be payable to the local authority. However, as the income will all be spent either on infrastructure projects or on administration of the levy, the provisions are effectively cost-neutral to local authorities."

Ivan McKee: Okay. The second point I wanted to raise was around a couple of things that came up at our earlier evidence session. The Scottish Property Federation talked about—and it is in the financial memorandum—25 per cent to 30 per cent potential project cost savings as a consequence of streamlining, which was affected by the bill, but that does not appear to be in the financial memorandum.

A second point was raised about other costs that developers might have to incur to engage with communities as a consequence of provisions in the bill that could also be a cost to developers. That is also not included in the financial

memorandum, so I do not know if the plan is to assess those and include them or if they are excluded from the financial memorandum.

Kevin Stewart: I will bring in Ms Waddie and then I will make some comment on that.

Jean Waddie (Scottish Government): The reference to the figure from the Scottish Property Federation on the cost of delays is really just for context. Throughout the planning review, part of the purpose was to reduce delays and make the system more efficient, but there is nothing specific we can point to in the bill and say, "That will remove that element of cost" so that was just really in the financial memorandum for context for the wider review as a whole.

Ivan McKee: There could be savings there, but you do not have enough details or evidence to quantify and put them in the financial memorandum.

Jean Waddie: Yes. The estimates that we have from the industry of what those delays cost them depend very much on the individual project, interest rates and that kind of thing at the time.

Ivan McKee: Then on the upside—or the downside if you are a developer—are the additional costs that developers might incur in order to comply with the requirements in the bill. Has that been looked at?

Jean Waddie: We have considered everything that is in the bill. Some of the things that were mentioned this morning were additional consultation or individual projects. That is pre-application consultation. That will be an amendment to existing secondary legislation.

Kevin Stewart: That is one thing to say about all this. Some folks are making assumptions about the secondary legislation before it has been decided. It is always particularly dangerous to make assumptions before something has even been proposed.

We have been very careful about what is in the financial memorandum. It would be fair to say that Ms Waddie has lived and breathed this bill, particularly this area of the financial memorandum. I would not want to stand accused of plucking figures from the air and adding them to the financial memorandum without having the evidence to back them up.

Ivan McKee: No. I am perfectly happy with that. That is clear and I understand where you are coming from. It is just good to get it clarified..

Alexander Burnett: As with the previous panel, I note my entry in the register of members' interests with regard to development, construction and house building.

In some of the evidence, concern has been expressed about the bill's impact on the delivery of housing. Would you like to comment on that?

Kevin Stewart: On what aspects of the delivery of housing?

Alexander Burnett: For example, some of the costs might slow down delivery, with local authorities being less able to process applications and so on quickly.

Kevin Stewart: I cannot see how that would happen, given that the bill is all about taking out process and having a more effective system with a greater focus on delivery than there has been in the past. The move to 10-year local development plans, for example, is all about taking out process and focusing much more on delivery. I am sure many members will have faced such comments from constituents and others hoping to develop in their areas, but people feel that after a local development plan gets introduced, folk immediately busy themselves with the next one without focusing on the delivery of housing and other aspects of infrastructure in an area.

I do not know where Mr Burnett has seen it said that this might impede housing delivery, but I would be interested to look at any evidence he might have of folks saying that.

The Convener: I think that Emma Harper has questions for the minister.

Emma Harper (South Scotland) (SNP): Good morning, minister, and thank you for coming today.

In the financial memorandum, the changes proposed by the proposed bill come under the headings "Development planning", "Local place plans", "Simplified development zones", "Development management", "Assessment of planning authorities' performance" and "Infrastructure funding". The words and language involved are complex. You said in your opening statement that you wanted to remove processes of little value and free up resources, and I am interested in the simplified development zones and the streamlining of those processes to reduce bureaucracy. How will that work? Moreover, how will the creation of simplified development zones protect communities and continue to ensure the engagement of community action groups and the public in community empowerment?

Kevin Stewart: By creating a simplified development zone, the local authority provides the types of developments specified in the scheme, which are automatically granted planning permission within that zone. Because the scheme can set out conditions, design guidelines and other criteria, including environmental assessment, anyone who wants to develop in the zone does not have to make a planning application or produce

various reports and assessments—as long, of course, as their proposals are in line with the original scheme. All of that is done in advance.

The bill also provides for simplified development zones for granting consents for roads construction, listed buildings, conservation zones and adverts, which, again, will make things more streamlined for applicants. Simplified development zones therefore are a way for planning authorities to proactively plan what type of development is appropriate for a place and to make it easy for people to bring forward those developments.

As for the community aspect to this, obviously we still have work to do in certain areas, but we will set out the community engagement requirements in much more detail as we prepare these schemes in secondary legislation. It will include early engagement opportunities for formal representations, and ministers may also prescribe certain cases in which a predetermination hearing should be held before a simplified development zone can go ahead.

Emma Harper: Thank you.

Neil Bibby: We have heard concerns about costs and the lack of resources, specifically with regard to the ability of deprived communities to finance local place plans and to build the necessary skills for preparing such plans. Where do you envisage the poorest communities in Scotland finding the resources that they need to engage fully in the process, and what will the Government do to make that possible?

Kevin Stewart: As I have stated, resources will be freed up, and I would like those resources to go towards helping communities and aiding development. In your previous session, there was a fair amount of debate about local place plans, but we should recognise that many communities across Scotland are already doing this work. Indeed, convener, I think that you highlighted your own constituency in that respect, and of course, people in Linlithgow have recently come up with their own local place plan without very much resource.

11:45

The view that we have taken on costs is based on what has happened south of the border with neighbourhood plans. I have heard what people have said about charrettes; however, the fact is that not every local place plan will require a charrette or, indeed, a huge amount of resource, because the community themselves might want to drive its own local place plan. However, I recognise Mr Bibby's point about poorer communities that might not have the resource, and I expect local authorities to use the resource available to them to target poorer communities or

communities that do not have the necessary wherewithal and divert resources to them.

As was briefly touched on in the previous evidence session, one of the key things about local place plans is that they should fit in with some of the things that are already going on right across the country. Since being given this ministerial role, I have talked a fair amount about intertwining community planning and spatial planning. A huge number of community planning exercises are going on across the country, and some local authorities have been absolutely spot on in their level of engagement with communities in that regard. What I would now like them to look at—and what the legislation wants them to look at—is how community planning and spatial planning can be brought together, because I think that intertwining both will get many more communities and individuals involved in the planning process.

The resources freed up as a result of the process that is coming out should go towards providing local authorities with resource for local place plans, and I would hope that local authorities would divert resources to and target poorest communities first. After all, they are often the communities that cannot take part in some of these things, because they do not have the necessary wherewithal at their disposal.

Neil Bibby: I very much agree. We have discussed the fact that some communities are already active in this work, but the RTPI has said:

“Without making new financial provision to support them there is a risk they will be inaccessible to a large number of communities in Scotland.”

Will you be making new financial provision available from the Scottish Government to local authorities so that they are able to target resources and help at the most deprived communities?

Kevin Stewart: I will not. As I have said, resources will be freed up in local authorities from the removal of some of these processes, particularly around local development plans, and I would expect authorities to use their discretion to ensure that that money is spent wisely on communities and that plans lead to development.

I also point out that the Government provides resource through the empowering communities fund, which is worth £20 million. As I have stated, I want the resource that is being used by local authorities for community planning in other community planning partnerships to be used wisely in the creation of local place plans. This is all about bringing these things together and diverting resource that is currently going into other things. It is not beyond the wit of folks out there to ensure that we get the most out of the money that

will be freed up and will be available and get this absolutely right for poorer communities and other communities right across Scotland.

Mr McNairney will add to my comments.

John McNairney: The planning and architecture division has a smaller amount of money that has previously supported charrettes, and we have said that that could be targeted at supporting local place plans in the more disadvantaged communities. I would also highlight a pilot that is going on just now with West Dunbartonshire Council, which is looking at locality plans from community planning partnerships and consultation on local development plans. We hope that what will emerge from that is a local place plan that will help to join up spatial and community planning.

There has been a lot of focus on charrettes, which have been brilliant in terms of the investment that has gone into them; however, they are very intensive in the professional support required, and there are other lower-cost options that will help communities. For example, the place standard tool, which is free, can be used in a straightforward way to help communities come forward, and there is also the volunteering aspect that PAS colleagues talked about earlier. There are therefore different models outwith charrettes, although they have been very successful in the past.

Willie Coffey: We heard earlier in the session—from Mr McLaren, who is still with us in the public gallery—about engaging early to talk about what communities want, rather than having them objecting at the end to stop what they do not want. That may be something that we will all sign up to here, and I am sure that it is behind some of the principles in the bill.

I would imagine that, if you shift the process more to the front end, you must surely shift some cost to the front end too, perhaps in relation to the development of a local place plan. Do you think that your estimate for the average cost of this kind of process is a fair and accurate one? Some of the witnesses thought you underestimated how much it would cost to do these kinds of things.

Kevin Stewart: I think that many of the witnesses talked about costs around charrettes, which, as Mr McNairney—and, I think, Mr McLaren—said, are quite costly, but not all of the local place plans require charrettes. I have seen some of the base work around planning and the shaping of places or how folk want to see their place shaped. For example, the Government has put in some money, in partnership with PAS, to allow young folk in Galashiels academy to use the place standard in terms of shaping their community. That costs next to nothing, and many

communities regularly use the place standard as a tool. That is free; it costs absolutely nothing.

In your own patch, Mr Coffey, we see East Ayrshire Council moving quite quickly and trail blazing in some regards in terms of the work that it is doing on community planning. I can see the spatial planning aspect being brought into that without very much hassle or cost in places such as East Ayrshire.

Charrettes themselves can often be a barrier to some folk who do not really understand what they are all about. The word can put folk off. I do not really like it and I have talked to folk about trying to find a better way of describing what a charrette is. A lot of the community planning that takes place in local authorities across the country seems to be able to bring more folk in, so if we join these two things up in a way that will get more folk involved in spatial planning, that is all to the good. I do not think that that necessarily has to cost huge sums of money and I do not think that each local place plan requires a charrette. In fact, many places have already created their own local place plan without any resource whatsoever and, in some cases, they would not want interference from anyone else in terms of the creation of that local place plan.

The Convener: On the issue of charrettes, one of the sceptics in a community in my constituency asked me, “What type of tea dance is that?” I agree that there is probably an issue around that.

Patrick Harvie: Good morning, minister. You have talked about how we might resource community engagement or how councils might choose to do so. You have talked about that in relation to the savings that councils are expected to make or that the financial memorandum suggests they would make from changes to local development plans. I presume that that means that they shift to a 10-year cycle.

I am looking at a document that accompanied the Planning (Scotland) Bill when it was making its way through Parliament in 2005. The big debate at that time was about local plans being out of date, and the document says:

“This has led to greater uncertainty for both developers and local people”.

It goes on to say that

“Inquiries are becoming more complex and thus slower to conclude”

and that that is the case partly because 70 per cent of local plans are more than five years old. That was the view of the Scottish Government—or the Scottish Executive, as it was called then—at the time. It was a generally agreed position that out-of-date local plans were a problem and were causing excess costs in the system. In developing

this financial memorandum, to what extent have you quantified the risk of increased cost in the system through conflict, tension or complexity as a result of development plans being old?

Kevin Stewart: I will bring in Mr McNairney and then I will make a comment.

John McNairney: As you say, in 2005, when that bill was going through Parliament, the vast majority of plans were out of date. I think that 25 per cent were more than 10 years old. At the moment, we are in a much better position with regard to the vintage of plans, because almost 80 per cent of plans are less than five years old. That is very positive.

One of the key issues with our current plans is that there is no focus on delivery. The panel and much of the bill are focused on trying to turn that situation around, so that we can have more certainty that the sites that are in a development plan will emerge from the ground. In turn, that will help not just the development industry and agencies, but also the communities, who will hopefully have more faith in the development plans in the future.

The key thing has been the need to improve the delivery aspect, and that is linked to funding and perceived savings as well. Our aspiration would be that, where there is what appears to be a saving from producing fewer plans, the investment in the plans, which are much more deliverable, will add value. Authorities can still update the plans, given some triggers, and we can help them to define what those triggers might be—they might involve, for example, the emergence of local place plans or a situation in which housing numbers are not being delivered in the way that was originally envisaged.

Patrick Harvie: I appreciate that. I suppose that my question is that, if all of that work is happening and resource shifts from more frequent planning processes in relation to developing plans and moves toward the implementation of those plans, is there also a risk that we will see an increased number of applications being passed contrary to local development plans because councils simply decide that they are irrelevant, and that what was thought about five, six, seven, eight or nine years ago, when a plan was developed, needs to be set aside?

Kevin Stewart: I do not think that local development plans, as envisaged under the new proposals, will be irrelevant in any way, shape or form. As a member of Parliament and also, previously, as a councillor, I have regularly come across constituents who are somewhat frustrated with the system as it is. We have a situation where some folk get involved in the formulation of that local development plan, and then, as soon as that

plan is passed, the local authority immediately starts consulting on the next local development plan. Folk really do not get that, it has to be said. In terms of some of the documentation that underpins local development plans at this moment in time, that is extremely off-putting for people, and the key thing for me is to get many more folk involved.

In terms of our proposals, Mr McNairney has talked about possible triggers for renewal. There is also the gate check process, which I think is extremely important in all of this. I think that our proposals, as they stand, will make it much easier for ordinary folks to get involved in a process that, at this moment in time, is difficult for some people to get their heads around.

Patrick Harvie: The previous panel acknowledged that the savings to local authorities are notional and that councils might end up using the money that is saved as a result of having less frequent development of local development plans to fund other areas of the planning system. That lets us see why the financial memorandum says that the total saving to planning authorities of between £21 million and £31 million is,

“expected to be absorbed by requirements to be made under regulations”.

You have also told us that you hope that councils will use some of what they have saved to support community involvement. Are you able to say what regulations you will make to specify how that money will be directed to community bodies to facilitate or fund that work?

12:00

Kevin Stewart: I will bring in Ms Waddie and then I will come back in.

Jean Waddie: There are existing regulations that set out how a local development plan is prepared, and we expect to amend those to increase the amount of engagement that is required in those. We also have action programmes, which are going to become delivery programmes. Again, there are regulations about what is in them and how they are made, and they will say a lot more about how the delivery side should be implemented.

Patrick Harvie: When would you expect to lay those regulations?

Jean Waddie: I do not have an actual schedule. There will be further consultation after the bill.

Kevin Stewart: We will provide the committee with more detail around the timetabling.

The Convener: There is quite a lot of policy in there. I appreciate that, but it is perhaps inevitable.

Patrick Harvie: To be fair, convener, the issue is about the financial questions about where the money that is being saved will go and about the minister's statement that he expects councils to use that money to finance community engagement.

The Convener: I appreciate that; I meant that there would be a lot of policy in terms of subordinate legislation that will be introduced at a future date.

Kevin Stewart: I am here to talk about the bill at this moment in time. We will consult further in terms of secondary legislation as it is brought forward, and I am quite sure that this committee and other committees of the Parliament will want to consider aspects of that.

James Kelly (Glasgow) (Lab): In the summary table in relation to planning authorities, infrastructure funding is described as "cost neutral", but the additional notes talk about the use of a community infrastructure levy. Can you say how that is going to operate and, if that is cost neutral, how we can ensure that there is adequate infrastructure spending coming from planning authorities?

The Convener: I should have explained that James Kelly arrived late after some difficulties with travel because of Scotland's weather and other things, I am sure.

We have already covered some of the issues that Mr Kelly asked about, and the response will be captured in the *Official Report*. However, there was a specific point that you could respond to, minister.

Kevin Stewart: In response to a question that Mr McKee asked on this issue earlier, I referred him to paragraph 93 of the financial memorandum. I will refer Mr Kelly to that paragraph, too, rather than repeating what I said earlier.

James Kelly: I appreciate that and I apologise for my late arrival.

The Convener: It is understandable.

The Convener: I thank the witnesses for coming along. That concludes our consideration of the financial memorandum. We will produce a report in due course. We now move into private session.

12:03

Meeting continued in private until 12:24.

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