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**RESPONSE TO SCOTTISH GOVERNMENT CONSULTATION ON
RAISING PLANNING FEES (DECEMBER 2016)**

24 FEBRUARY 2017

ABOUT HOMES FOR SCOTLAND

Homes for Scotland is the voice of the home building industry.

With a membership of some 200 organisations together providing 95% of new homes built for sale in Scotland each year as well as a significant proportion of affordable housing, we are committed to improving the quality of living in Scotland by providing this and future generations with warm, sustainable homes in places people *want* to live.

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PROCESS

Homes for Scotland represents members on a wide range of issues affecting their ability to deliver much needed homes.

Our views are endorsed by committees and advisory groups utilising the skills and expertise of key representatives drawn from member companies.

This consultation response has been discussed, drafted and approved by the Homes for Scotland Planning Policy Committee.

RESPONSE TO THE SCOTTISH GOVERNMENT CONSULTATION ON RAISING PLANNING FEES (DECEMBER 2016)

1. Introduction

- 1.1 Homes for Scotland is the voice of the home building industry in Scotland, with a membership of some 200 organisations together providing 95% of all new homes built for sale across the country as well as a significant proportion of affordable housing.
- 1.2 Homes for Scotland makes submissions on national and local government policy issues affecting the industry. Its views are endorsed by committees and advisory groups utilising the skills and expertise of key representatives drawn from our member companies

2. Homes for Scotland Response

- 2.1 Homes for Scotland does not agree with the proposal to increase the maximum fee level to £125,000 as there is no proposal to ring-fence the fee increase and no mechanism to guarantee planning performance improves. It is our firm position that any fee increase must be accompanied by real and non-negotiable measures to ensure much better performance (in particular on the timely release of planning decisions) and transparent and accountable performance monitoring.
- 2.2 We do not object to the principle of reviewing and increasing fees, but we would expect to see a guarantee of mutual benefits to both applicants and local planning authorities and that is not the case at this time. The only circumstance in which Homes for Scotland could support such an increase would be if it were accompanied by a clear and binding plan of action demonstrating how all local planning authorities would use the increased fee income to directly support an immediate and significant improvement in performance, better supporting the delivery of new homes on sites of all sizes.
- 2.3 We cannot agree to a short-term measure which clearly benefits the general budgets of local authorities but which does not guarantee any benefit to the service users providing the additional revenue. In the context of home building, this short-term proposal would make attempts at delivering additional homes at-scale significantly more expensive, without any guaranteed prospect of better-enabling or speeding-up the delivery of those homes (which is a key objective of the Scottish Government).

- 2.4 To justify the fee increases suggested in this consultation paper, major improvements in performance would need to be delivered. However, under current practice, current performance on determination times for major housing applications is poor and worsening. Planning performance statistics published on 14th December show that the average decision time for the 48 major applications decided in Q2 of 2016/17, the average decision time was 44.8 weeks: more than 5 weeks slower than the previous quarter (when more decisions were made) and a record low. Major housing decisions took even longer to determine – 48.5 weeks on average. And where a section 75 agreement is required, major applications took an average of 76.9 weeks to determine. Disastrously slow.
- 2.5 Almost all housing developments which are granted planning permission are subject to a section 75 agreement and are initially determined on a ‘minded to grant’ basis, which is not a legal consent and which cannot be acted upon. Negotiating that agreement (which should be straightforward if a local planning authority has front-loaded the evidence gathering and policy work) can result in real determination times of over a year and a half.
- 2.6 Ministers have routinely acknowledged that this is unacceptable and Homes for Scotland is aware the Scottish Government has been looking at the causes of the severe slowdown in decision times, which is working against our common goal of increasing and speeding-up the delivery of new homes. To date, no evidence has been provided to suggest the planning fee is the root cause of poor performance, or that the increase now proposed will guarantee a material improvement.
- 2.7 If the maximum fee *is* increased in the short term, Homes for Scotland would expect to see a clear and actionable imperative placed upon local planning authorities to invest the additional income back into development management services. We note that re-investment in planning services would be a requirement of the possible increase in planning fees being considered in England¹. Ministers clearly believe any fee increase must be linked to sustained improvements in performance. However, the home building industry has no confidence this will happen across the board if we rely on this happening on a voluntary basis. There is a compelling argument for ring-fencing planning fees to fund good development management services to fee-paying service-users, and to support the timely deliver of new homes. Applicants must not be relied upon to covertly subsidise other local authority services (in addition to the increasing use of developer contributions to fund services traditionally paid for through taxation and public budgets). This is particularly the case for Scotland’s home builders who continue to play the pre-eminent role in delivering the homes the country needs – clearly providing an essential public benefit.

¹ *Fixing our broken housing market* Department for Communities and Local Government. Para 2.45 on Page 37: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf

2.9 Some parties have raised the differential in the top fee in place in Scotland when compared to other parts of the UK. Homes for Scotland would caution against making this simple comparison without a similar study of planning performance levels and the measures in places to incentivise good performance and support the delivery of new homes.

3. Further Review of Planning Fees

3.1 Homes for Scotland notes that the proposals put forward in this consultation paper are the first stage of a two-step review of planning fees. Based upon the proposals and narrative in Places, People and Planning, one can provide a long list of 'opportunities' being considered to increased the fee burden on those seeking planning permission to develop:

- Charging for pre-application discussion
- Revised maximum fee (first stage – current consultation)
- Inclusion of advertisement costs in revised planning fee
- Higher fees for sites not supported by the adopted local development plan
- Higher fees for retrospective applications
- Charging to submit revised applications
- Charging for local review bodies
- Charging to appeal to the Department for Planning and Environmental Appeals

3.2 There are many other current and proposed burdens (e.g. infrastructure levy, preparation and content of s75 agreements, supporting evidence of applications) which increase the costs of applying for planning permission and of developing – as well as of delivering planning services (in the widest sense). There is no clear sign of significant additional public funding (at the national or local scale) being put into the planning system to assist service improvement or to directly assist the delivery of new homes and supporting infrastructure.

3.3 Homes for Scotland will comment in detail to these proposals in our response to Places, People and Planning. For now, however, it is important to recognise that if fee increases reduce appetite for pursuing new development opportunities, and reduce the number of applications being made, there will be a negative impact on implementing the National Planning Framework and the detailed proposals and aspirations of strategic and local development plans.

3.4 Homes for Scotland will continue to provide constructive suggestions as to how planning reform can genuinely assist with increasing the delivery of new homes. However, we cannot support measures which add to the cost burden of securing planning permission for the delivery of new homes without a clear and guaranteed plan of action for how local planning authority development

management services will improve in the immediate term, including in terms of decision timescales.

- 3.5 Scotland will gain no benefit if those home builders with nationwide reach are discouraged from continuing their operations north of the border, or if those based purely in Scotland are unable to increase their scale of delivery. For this reason, Homes for Scotland will continue to remind Ministers of the need to maintain a level (or even favourable) playing field. There is scope for different approaches to planning – but not for making development in Scotland unattractive or unviable. This would not only affect Homes for Scotland’s members – it would also undermine the aspirations of the Scottish Government on affordable housing delivery, sustainable development and wider economic growth.

4 Collaborating to Ensure that Performance Improves

- 4.1 In discussion with our members, Homes for Scotland has identified a range of reasonable measures that should be given detailed consideration before any decision is taken, now or in the future, to increase planning fees. This would include Homes for Scotland joining the High Level Group on Planning Performance as a stakeholder member. We would welcome an opportunity to discuss and debate these ideas and will seek a follow-up meeting following the close of consultation where this positive debate can be pursued. We will also elaborate on our ideas on performance improvement in our response to Places, People and Planning.

5 Conclusion

- 5.1 Homes for Scotland does not support the proposal to increase the maximum fee. The proposal is one-sided, delivering a direct financial benefit to local authorities but with no guarantee of service improvement to the fee-paying applicants.
- 5.2 There must be no fee increase until reliable performance measures have been identified and introduced. Fee increases should also be predicated on local authorities ring-fencing the additional fee income for re-investment in development management services.
- 5.3 Homes for Scotland is ready and willing to engage positively with the Scottish Government and other stakeholders on how a stronger and more supportable package of measures can be put together to improve planning performance and justify a review of planning fees. We would welcome a meeting with officials and Ministers on this matter as soon as this consultation closes.

- 5.4 Further thought must be given to how planning services can better support the delivery of new homes. This would be more appropriately addressed through the wider planning review which is looking holistically at the whole planning system. Any fee increase must be considered carefully in the context of other measures that will affect the cost and viability of development – within current practice and under proposed planning reforms, and considering the delivery and cost impact of other consenting regimes.

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