

Independent Review of Planning Response by Aberdeen City and Shire SDPA

The Aberdeen City and Shire Strategic Development Planning Authority is a partnership of Aberdeen City Council and Aberdeenshire Council which was established under the Planning etc (Scotland) Act 2006 as part of the last major planning reform process. It is responsible for the preparation, monitoring and review of a strategic development plan (SDP) for the city region, with linkages through to implementation by developing regional infrastructure funding mechanisms, facilitating projects of national and regional significance and commenting on relevant planning applications.

We welcome the review currently taking place, including the critical issues of housing and infrastructure delivery. This is important because the planning system is one element of a much wider system (encompassing political, social, economic, financial, legal and environmental systems) which in combination determine the outcomes we should be focused on. Indeed, to some extent it is the interactions between the various systems which should be the focus of attention if significant change in outcomes is sought.

As a consequence of the limited time available and the wide range of questions posed, this response has sought to focus primarily on a few key issues and ideas. In this context it is assumed that the list of objectives for the review in the 'Programme for Government' is a prioritised list. The main body of the response covers some general points and looks more broadly at the challenges of delivering development and points at potential broader measures which could have a transformative effect. Appendix 1 includes a series of more specific measures which could be implemented to improve the current system.

1) Clear diagnosis is vital

It is vital that the review starts from the basis of a clear analysis of the problem with the development process, rather than just a reaction to anecdotes and frustrations in some parts of Scotland. From the perspective of NE Scotland, it appears that the majority of issues relating directly to the planning system result from the implementation of the current system rather than the system itself. However, that isn't to say that improvements to the current system should not be made.

It is critical that the Scottish Government has a clear objective and rationale before it starts reforming the current system. While there may well be value to be gained from 'streamlining' the current system, such an approach is unlikely to deliver significant improvements in either the scale or quality of new development in Scotland. This will require a significant intervention into the development process which extends well beyond the planning system.

2) The current system can be made to work effectively

The current Aberdeen City and Shire SDP was approved by Scottish Ministers in March 2014, replacing the structure plan of August 2009 (prepared to be a 'strategic development plan' even though it had to be prepared under older legislation) and the early stages of its review have already started. Our city region has experienced by far the greatest development pressure over the last decade, has had a fully up-to-date development plan framework and we have a

very generous supply of land for both housing and employment uses provided through these plans.

Local Development Plans were adopted in the first half of 2012 by Aberdeen City Council (Feb 2012) and Aberdeenshire Council (June 2012). Both councils have now submitted replacement LDPs for examination (Nov/Dec 2015) to ensure they remain up-to-date.

However, it is recognised that this focus on the delivery of an up-to-date and positive development plan framework is not replicated across the country.

3) Strategic planning is a vital part of Scotland's planning system

Strategic planning is vitally important across Scotland's largest city regions. Key economic, social and environmental issues cross local authority boundaries but require a co-ordinated response. This was the finding¹ which led to the 2006 Act and was confirmed by the recent Review of Strategic Development Plans research carried out by Kevin Murray Associates and the University Glasgow last year. Indeed, Wales are introducing a system modelled on the Scottish system and England are moving in a similar direction having seen the consequences of removing the strategic tiers several years ago.

Integration with regional transport and economic development is critical to successful strategic planning. The Aberdeen City and Shire SDPA have sought to do this in a number of ways since it was formed, including the joint development of a regional infrastructure contribution mechanism, being co-located for several years and most recently through the parallel preparation of the SDP and Regional Transport Strategy refresh. However, there is scope for further integration going forward.

Centralising decisions with the Scottish Government on issues such as the scale and location of housing growth across the country will take decisions further away from communities and will make coordination at the city region and local level even more difficult. Scottish Ministers already have significant powers in the approval of SDPs but could provide a useful steer by setting a well-founded national ambition for housing in the National Planning Framework which could provide a context for SDPs and LDPs (rather than dictate to them). However, the National Planning Framework would also need to address how this national aspiration could be met in terms of infrastructure provision.

4) Scotland's housing market is dysfunctional

There is widespread evidence that the housing market in Scotland as a whole is not functioning in a way which meets the varied needs of the population. In spite of measures taken by the Scottish Government to support both the demand-side as well as supply-side, the market has made little positive movement over the last few years. Both housing transactions as a whole, as well as new house completions across Scotland are still substantially below pre-recession levels². At the same time however, it is important not to see a return to the peak in 2007 as a necessarily positive future scenario. Within this Scotland-wide picture however, regional performance varies considerably.

¹ 'Review of Strategic Planning' (June 2001) and 'Conclusions and Next Steps' (June 2002)

² New house sales represented 16.6% of all housing sales in Scotland in both 2007 (before the recession) and 2014 – Registers of Scotland / Housing Statistics for Scotland

Following on from the 2006 Act, the process of reforming the planning system was carried out as the development industry went into recession across much of the country. In light of this, it is important that the planning system is seen as an important but potentially less significant factor in rates of house building than is widely assumed.

- 5) The planning system has been burdened with unnecessary complexity**
The planning system has been encumbered by a whole range of add-ons over the years as it is an easy target to tack on associated policy areas. These range from the funding of infrastructure (s75 agreements) through to energy efficiency under the Climate Change Act and SPP's requirements on development plans to 'encourage' a whole range of other agendas³. There is a need to clearly identify what the role of the planning system is and not bolt on other issues and processes which weigh it down unnecessarily if there is a better way of achieving the desired goal.
- 6) The biggest challenge is infrastructure funding and co-ordination**
The biggest challenge to the delivery of development is often around the delivery of the supporting infrastructure, who pays for it and when it is provided. These issues start at the very top of the hierarchy at the national level and flow down to the timescales for the determination of individual applications, delays in delivery on the ground and lower quality development.

At the current time, national infrastructure priorities are often poorly related to development pressures (if at all) and have no direct relationship to the need to facilitate growth. Scottish Ministers then approve SDPs but approval letters explicitly state that approval does not imply any funding (see quote below).

*"In particular it does not commit the Scottish Ministers, or any other government department, to the payment of grant on any particular project or to the amount or timing of any capital expenditure."*⁴

There is therefore a need to ensure that the approval of plans and funding decisions for infrastructure are more effectively aligned. This was a key finding of the Review of Strategic Development Plans in 2014.

The concerns of communities around development on greenfield sites is often focused on both the quality of the development being proposed as well as the realisation that development can often have a negative impact on the capacity of essential infrastructure. The current development process is not well geared up to address either of these issues – taking an approach which is designed to deliver the minimum necessary to get consent. However, the current system offers perverse incentives because sites which have not been allocated in development plans often deliver proposals which are of a higher quality than

³ An interesting example is the requirement of SPP for local development plans to 'encourage' community growing areas (SPP para 227). This has led to objections from the Scottish Government to an LDP on the basis that their policy position on allotments does not extend to other types of community growing area. This will have to be considered by the planning authority and then a Reporter at the LDP examination and then any potential modifications to the plan as a result...with no obvious value added to the plan as a consequence.

⁴ [Aberdeen City and Shire Strategic Development Plan Approval Letter](#) (March 2014), Scottish Government

those on allocated sites. This may be because permission is seen as something which needs to be 'won' rather than something they have a right to. Effective delivery of infrastructure at an appropriate time in the development process is therefore essential to greater public acceptance of growth.

The largely unearned uplift in land values on greenfield sites when allocated or consented for housing and other uses (up to 13,000%) needs to be more efficiently tapped into to pay for the provision of infrastructure to deliver the high quality sustainable development we need. The mechanism of planning obligations as currently practiced could certainly be significantly improved, but a more efficient mechanism should be explored – including a rolling infrastructure fund. Such a mechanism could deliver several significant benefits which are out of the grasp of the current system:

- higher quality development;
- quicker delivery of better infrastructure;
- more certainty for communities and developers; and
- speedier development consenting processes.

If this concept was taken to one possible conclusion (such as that reached by the Land Reform Review Group) it would lead to a 'Housing Land Corporation' mechanism as the means of capturing land value and having a more focused public sector intervention in the development process. This could be taken forward through a variety of workstreams, including potentially City Deal mechanisms.

Appendix 1

DEVELOPMENT PLANNING

The review suggests that ‘the aspirations for development planning reflected in the 2006 Act have proved difficult to meet in practice’. What might be more appropriate to say is that performance across the country has been variable. In Aberdeen City and Shire, two strategic plans have been approved since the 2006 Act came into force⁵ and the second round of LDPs have now been submitted by both councils for Examination. This has coincided with a period of significant development activity and the delivery of a much more positive planning framework for the area. It is therefore important to analyse why other parts of the country may have struggled to achieve the same level of performance before jumping to the conclusion that the system needs to be changed. Such an approach could lead to a lot of change but little improvement.

We are firmly convinced of the importance and value of the two-tier development plan in city regions. The last major review concluded that they were required and we are aware of no evidence that this has changed.

PROPOSAL: There should be clearer legislative and policy links between the different parts of the development plan hierarchy to avoid duplication. For example, the housing issues should be addressed once in a 5-year plan cycle rather than developers coming in again at the LDP level trying to increase the requirement and allocations. This is a complete waste of resource from both the public sector’s perspective. There is only one opportunity to examine the figures in areas outwith SDPs so this should also be the case with SDPs. The job of the LDP should be clearly defined by the SDP and it should not be seen as another opportunity to start again. Too much time is spent arguing and too little actually delivering. The incentive for argument is extremely strong from the private sector side and it is difficult to see how this could be eliminated. A firmer line in SPP or a Circular would probably help.

PROPOSAL: It is not clear that the Neighbour Notification stage of proposed plan representations adds value to the process, even though it adds time and cost to the plan preparation process. If it was to be retained, it would be more consistent with the desire for early engagement for this to take place at the Main Issues Report stage instead.

PROPOSAL: The clarity within plans can still be improved. Development plans provide most certainty to communities and investors when development in accordance with the plan is approved and development not in accordance with it is refused.

PROPOSAL: Action Programmes need to be seen as corporate documents which are integral to the capital planning process of local authorities and other public and

⁵ One was the Aberdeen City and Shire Structure Plan (2009) which was prepared and approved under the old legislation but in form and content took the form of a Strategic Development Plan. The second was the Aberdeen City and Shire Strategic Development Plan (2014).

private sector organisations – moving away from them being monitoring tools to actually tie down infrastructure spending commitments.

HOUSING DELIVERY

Housing delivery has been challenging over a number of years but in particular since the recession of 2008. An increasing reliance on new build homes for sale means that delivery is heavily reliant on short-term market signals and less on longer-term housing need and demand. It is difficult to see this current system of housing provision leading to an adequate delivery of housing over the long term.

Too much store seems to be placed in the planning system to facilitate increased housing delivery. The fact is that planning has a very limited role to play.

While delivery in Aberdeen City and Shire has been negatively impacted by the impacts of the recession – through factors such as access to mortgage and development finance and the retrenchment of builders, the buoyancy of the offshore sector has retained house building at much more healthy levels. Last year, for example, 1 in 7 new private sector homes in Scotland was built in Aberdeen City and shire – much higher than the 1 in 11 you would expect if it was contributing on a pro-rata basis.

However, the private sector house building industry probably has little interest in actually building much beyond the levels achieved prior to the recession. The housing market has changed quite substantially over recent years and there needs to be deep reflection on what can be done to ensure enough new homes are built whatever the prevailing market conditions.

Planning operates on a 10-20 year time horizon so it is not the speed of site identification which should be identified as the issue but selecting the right sites and co-ordinating them to ensure the appropriate infrastructure can be provided.

The setting of Housing Supply targets and Housing Land Requirements is not a simple process and involves a whole range of factors. The only reason there is as much argument as there is about these figures is that it can make a big difference to the bottom line of individual companies. However, as noted above, once figures have been agreed in an SDP they should not be revisited in the LDP but implemented.

However, the delivery of affordable housing is the area that is particularly challenging, with Aberdeen City and Shire only delivering 1 in 19 of Scotland's new affordable homes in 2014. At the current time the value of Scottish Government grant does not reflect variations in land and build cost around the country; grant levels are low; grant periods are very short-term (whereas sites are programmed out over a long time-period); house builders appear very reluctant to enable access to land for affordable housing through s75 agreements; house builders try to delay the release of land for affordable housing to later in the development to facilitate viability; and developers tend to be extremely reluctant to make land available for social rented accommodation...and SPP caps the delivery aspirations of the planning system at 25% of new homes irrespective of the level of need. These are real issues which impact on the ability to deliver affordable housing through the planning system.

Planning for infrastructure

Proposal - Scottish Ministers need to look again at their objectives direction to Scottish Water to ensure that its processes facilitate rather than delay the development of sites unnecessarily. This one step could have a potentially significant impact on streamlining the development process – removing an artificial delay to the process.

Proposal - The Scottish Government needs to align national infrastructure spending with growth rather than just reflecting historic commitments in the National Planning Framework.

Proposal - Attitudes towards railways and station investment needs to be brought into line with the policy aspirations for new development which is well connected by public transport.

The 'Review of Strategic Development Plans' (2014) contained some useful analysis of this issue but the implementation of its recommendations has stalled.

Leadership, resourcing and skills

Proposal - There is an urgent need to better resource the planning system, whether through enhanced fees or other mechanisms. The resource put into planning is almost insignificant compared to the scale of both public and private spending it influences and directs. This is not a healthy position for the country or its key city regions as we seek to plan for a more prosperous and sustainable future.

Community engagement

A plan-led system is the only one which can deliver for communities – one where their views are listened to at an early stage and consistent decisions are made on the back of that plan. This gives certainty to both communities and developers.

Proposal – There needs to be greater flexibility for planning authorities to respond positively to suggestions made in representations to Proposed Plans. The current system sets up an antagonistic relationship when this is often not necessary. It leads to planning authorities disagreeing with things everyone knows to be sensible suggestions which is not helpful.

Proposal – Decisions should be made as close to communities as possible. The appeal process leads to feelings of disempowerment among communities where decisions are made afresh rather than assessing the reasonableness of the original decision.