

## **Submission to Call for Evidence on the Long-Term Financial Sustainability of Local Government from RTPI Scotland**

### **1. What are the big medium-term (5-year) and longer-term (10+ year) financial challenges for Scottish local authorities?**

In the coming years local government will face a number of new challenges as it attempts to tackle and balance key strategic issues such as the drive towards zero carbon, reducing health inequalities, achieving inclusive growth and creating a fairer Scotland. This is against a backdrop of limited resources and greater demand for services from an ageing population. These issues will require transformational change in how we live and work, how our services are provided and communities engaged.

This points to the need for an integrated and planned approach where local government needs to be more prepared to work differently:

- proactively through frontloading engagement and agreement;
- corporately and collaboratively with communities and key stakeholders
- outcome and delivery focussed to make a difference on the ground for communities

We believe that an important way of doing this is by taking a planned approach how places - and the communities within them – develop over time. Good planning which looks beyond the immediate situation to the medium and long term can provide the context for allocating local government resources maximise proactive preventative spend.

The need for a more joined-up, collaborative, and participative approach to services, land and building, across all sectors in order to improve outcomes in difficult fiscal environment has been signalled by the recent adoption of the Place Principle by the Scottish Government and COSLA. This collaborative place-based approach needs fairly resourced planning departments to sit centrally in the process, to provide long-term spatial vision, engagement and empowerment of local communities and more certainty for development. As well as supporting delivery of integrated service provision, an effectively resourced planning service needs to be seen essential preventative upstream spend. Quality placemaking through proactive planning is evidenced to promote healthy behaviours, environmental health, mental and physical wellbeing, all of which will markedly reduce resources required for social and health care in the long term. This is supported by recommendations from the Christie Commission which stresses the importance of place when considering a much needed shift towards longer-term preventative spend.

Ensuring that Scotland has an effectively resourced planning system will have wide ranging implications for the medium and long term financial sustainability in local government. Planning departments may not be seen as major revenue generators unlike, for example, property functions in local authorities that produce capital receipts. However, with the appropriate resourcing, planning can generate significant economic development for local authorities, for example by helping to deliver new housing. Planning can help deliver major cost savings for local authorities by understanding the spatial implications of decisions made in other departments, for example through aligning transport initiatives, housing strategies and economic development objectives.

When discussing medium and longer term challenges is it important that consideration is taken to the resourcing context in which local authorities planners are currently experiencing. Over the last 10 years we have seen a disinvestment in planning authorities in Scotland.

Research by RTPI Scotland has revealed;

- Scottish Local Government Financial Statistics 2009/10 and 2016/17 show that planning authorities' budgets have **decreased in real terms by 40.8% since 2009**<sup>1</sup>
- Budget cuts are impacting on staffing numbers. A comparison between the Planning Workforce Survey 2010 and the Planning Performance Frameworks for 2017/18 highlight that there has been a **25.7% loss of staff in planning departments since 2009**
- Scottish Government figures between 2009/10 and 2016/17 show that **expenditure on planning reduced by 25%, the highest of any local government service by a margin of 10%**
- Scottish Local Government Provisional Outturn and Budget Estimates for 2019 show that **only 0.32% of net revenue budgets in local authorities were spent on development management and development planning**<sup>2</sup>. This is reduction from 0.63% in 2015.

If budgets continue to decrease planning services will be further reduced back to their statutory functions potentially resulting in the reduction of non-statutory services which have strong public support such a planning enforcement.

With the planning system already under resourced, further financial burdens anticipated over the next ten years could worsen the situations. RTPI Scotland has recently published research evaluating the potential financial implications of changes made to the planning system by the Planning (Scotland) Act 2019, which received Royal Assent on the 25th of July 2019. This research highlighted 49 new and unfunded additional duties that have been placed on planning authorities with costing estimates of between £12.1M and £59.1M over a ten year period. If this is the case it is estimated that staff numbers will need to increase from between 1.9% and 9.4% to merely maintain a 'business as usual' planning service.

Furthermore, the research has highlighted financial uncertainties associated with provisions in the Act for Local Place Plans (LPPs). It is estimated that LPPS could cost between £3.28M – £9.84M over a ten year period. It is not clear whether these costs will fall upon planning authorities, Scottish Government, communities themselves, or a contribution of all. In England, all groups undertaking a neighbourhood plan or neighbourhood development order are eligible to apply for up to £9,000 of basic grant funding. Whether a central fund is set up by Scottish government to support will have therefore have a profound impact on resourcing required from planning authorities. Regardless, providing information and support will have a resourcing impact on planning authorities.

## **2. How effectively are councils addressing these challenges? Do councils currently have all the powers they need to do so?**

In spite of severe resourcing issues planning authorities have maintained a high standard of service, with recent Scottish Government planning performance statistics for 2018/19 showing the average decision time for local developments matching the previous year, which was the quickest annual decision time since 2012/13 and the average decision time for

<sup>1</sup> <https://www.rtpi.org.uk/media/3314972/Resourcing%20the%20Planning%20System%20-%20RTPI%20Scotland%20Key%20Trends%20and%20Findings%202019.pdf>

<sup>2</sup> <https://www.gov.scot/binaries/content/documents/govscot/publications/statistics/2019/06/local-government-capital-expenditure-financing-2018-19-provisional-outturn-2019-20-budget-estimates/documents/local-government-capital-expenditure-financing-2018-19-provisional-outturn-2019-20-budget-estimates/local-government-capital-expenditure-financing-2018-19-provisional-outturn-2019-20-budget-estimates/govscot%3Adocument/local-government-capital-expenditure-financing-2018-19-provisional-outturn-2019-20-budget-estimates.pdf?forceDownload=true>

major development applications was the quickest since 2015/2016<sup>3</sup>. The maintenance of high performance has been delivered through a number of initiatives undertaken across local authorities. For example, the implementation of lean process and the widespread adoption of shared services in specialist areas such as minerals, aquaculture, GIS, environmental assessment and conservation areas<sup>4</sup>.

Research by RTPI Scotland has revealed that are opportunities to align processes to help deliver spatial planning and community planning outcomes more effectively and efficiently. This includes through integrating key engagement stages during preparation of Community Plan and LDPs so they are seen by the public as one consultation and can be delivered in a more resource efficient manner. Furthermore the research revealed that greater use can be made of LDP Action Programmes as helpful tools for co-ordinating and progressing delivery of Community Planning Partnership (CPP) projects and infrastructure<sup>5</sup>. Whilst further joint working, collaboration and sharing of services should be undertaken, it is important to note that it is not always possible and not necessarily cost efficient.

RTPI Scotland are concerned that If any future budget cuts or additional duties are placed on the planning service, this could have a major impact upon performance and joined-up working, with reductions in staffing numbers now the only viable routes for planning authorities to balance budgets. Research published by Heads of Planning Scotland and CIPFA in 2018 and 2019 showed that planning application fees of only met 68% of development management costs. The work also evaluated the impact on the planning fees for major scale applications being increased in June 2017. It showed that despite £4.2M additional fee income was generated across Scotland the fee increase will not cover the disparity between income and expenditure nor provide full cost recovery<sup>6</sup>. Local authorities should recognise the need to finance planning services effectively to help them achieve their ambitions. This can be achieved through a move towards full cost recovery for processing applications and by ensuring that any revenue generated is reinvested in the planning service. In order to address problems of resourcing in planning authorities RTPI Scotland supports a comprehensive review of the planning fee structure and categories for discretionary charging.

RTPI Scotland would like to highlight opportunities in the Planning (Scotland) Act 2019 which have arisen in provisions for statutory Chief Planning Officers. Scottish Government is to produce guidance on this role and RTPI Scotland advocates that Chief Planning Officers become important corporate players who are engaged early in decision making and influential in terms of budgetary control for planning services. This will produce value for local authorities by future proofing decision making and ensuring medium to long term approaches are taken that aim to maximise preventative spend.

### **3. What *practical* steps should councils take, and what good practice should councils adopt, to plan for the medium and long-term and to anticipate financial**

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<sup>3</sup> <https://www.gov.scot/binaries/content/documents/govscot/publications/statistics/2019/07/planning-performance-statistics-2018-19-annual/documents/annual-planning-performance-statistics-2018-19/annual-planning-performance-statistics-2018-19/govscot%3Adocument/annual-planning-performance-statistics-2018-19.pdf?forceDownload=true>

<sup>4</sup> <https://hopscotland.files.wordpress.com/2019/01/final-report-skills-and-shared-services-survey-october-2018.pdf>

<sup>5</sup> <https://www.rtpi.org.uk/media/2264152/Routemap%20-%20final%20-%20July%202016.pdf>

<sup>6</sup> <https://hopscotland.files.wordpress.com/2019/02/finalised-hops-report-on-major-application-fees-040219.pdf>

**risks? If you are a council answering this question, it would be helpful if you could clarify if you practice medium and long-term financial planning and outline briefly what form this takes.**

A report published by Audit Scotland in 2019 looking to understand and highlight what key stakeholders think needs to be done to reposition planning to as a recognised key contributor to improving places set out a number of recommendations<sup>7</sup>. It said that planning needs to be better resourced, have streamlined regulatory duties, and reposition corporately to promote its position as an enabler delivering optimum place outcomes. Doing so will enhance its proven contribution to improving physical and mental wellbeing while contributing to preventative spend. Summary of key themes to progress this are:

- Shift of emphasis from regulatory to enabling role through increased resourcing and new performance measures.
- Transforming the service to an outcome rather than process focus.
- Improving the profile of the value of Planning, and
- Proactively lead on solutions for cost recovery and resourcing the planning service.

RTPI Scotland would like to highlight practical opportunities which have arisen in provisions for statutory Chief Planning Officers in the Planning (Scotland) Act 2019. RTPI Scotland considers that this role could ensure that local authorities take matters of planning and place into account when making strategic decisions about investment and service delivery. We believe that, with the support of appropriate guidance produced by Scottish Government, the role of statutory Chief Planning could ensure that investment and services are better joined up and scarce resources are utilised in full from the public, private and third sectors, individuals, groups and communities. Furthermore through implementing better long-term strategic planning, greater transparency around major budget decisions like universal entitlements could be achieved.

**4. What alternative models of planning for, and delivering, council services (for example, joint working initiatives) could help local authorities make efficiency savings and/or deliver better services?**

No comment

**5. Are there any other issues relating to the long-term sustainability of Scottish local government which you wish to bring to the attention of the Committee?**

Currently, some of the income allocated to local authorities by the Scottish Government is protected for particular purposes prescribed by Scottish Government, for example, the pupil equity funding and attainment challenge funding. Considering the severe nature of the resourcing facing planning service, RTPI Scotland would advocate that the Committee consider comparable arrangements to be put in place for planning services.

RTPI Scotland believes that Scottish Government should support planning services to move towards full-cost recovery. Planning services should be support to introduction a range of discretionary charging for additional services which demonstrate added value such as pre-application consultations and signing off of conditions and introduction of fees to applications that do not currently attract them such as listed building consent. Furthermore, RTPI Scotland believes a more active approach by the Procurator Fiscal in the prosecution of planning enforcement breaches should be undertaken, including an increase in fines and penalties to meet the costs of enforcement action.

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<sup>7</sup> [https://www.audit-scotland.gov.uk/uploads/docs/um/planning\\_roundtable\\_feb2019.pdf](https://www.audit-scotland.gov.uk/uploads/docs/um/planning_roundtable_feb2019.pdf)