

Investing in Planning Consultation

Summary and Recommendations

This report brings to the Board's attention the recently published Investing in Planning consultation which seeks views on a number of proposals aimed at increasing resources and efficiencies in the planning system.

COSLA already has established positions on many of the proposals outlined in the consultation through our engagement with the planning reform agenda and wider corporate position relating to Local Government resources, however a number of new proposals are set out which require the agreement of the Board prior to submitting our response.

The Board is invited to:

- i. Note the publishing of the Investing in Planning consultation;
- ii. Agree COSLA's position on new proposals presented by the consultation set out in paragraphs 7-15; and
- iii. Agree that COSLA Leaders provide final endorsement to our response to the consultation.

References

Previous relevant reports:

- COSLA Leaders – March 2022 – NPF4 Consultation Response
- Environment and Economy Board – December 2022 – Place, Planning and the Wellbeing Economy

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Investing in Planning Consultation

Purpose

1. To update Members on the “Investing in Planning” consultation, reaffirm established positions relating to the reform of planning and establish positions on new proposals contained in the consultation.

Current COSLA Position

2. Planning reform has been a long-standing priority for COSLA and Local Government, pre-dating the Planning (Scotland) Act 2019 and its implementation. A key part of this reform throughout has been the resourcing of the planning system and Local Government’s ambition for full cost recovery.
3. The previous consultation on planning resources took place in 2019/20 and COSLA made clear in our response that both resourcing and performance of the Scottish planning system must be at the forefront of planning reform. Our position remains that, without appropriate funding for Local Government, essential services such as planning will begin to fail and if local authorities are to deliver a high performing, effective and efficient planning system, then resources and flexibility are essential. This includes more power of discretionary charging and local fee setting in order to achieve full cost recovery.

What is Changing?

4. On 28th February the Scottish Government published “[Investing in Planning – A consultation on resourcing Scotland’s planning system](#).” This is built on a series of workshops, which COSLA attended, and engagement with stakeholders to identify potential options to improve the resourcing and performance of the planning system in Scotland. The consultation document highlights the range of work taking place as part of the wider reform of planning, and seeks views on the following proposals, which are broadly grouped under the headings of “Working Smarter” and “Raising Resources”:

- A central planning hub to support authorities
- Short term working group to look at proportionality of assessments
- Taking stock of the use of processing agreements
- Improved cross council working to better align consents
- Developing templates for Section 75 agreements
- Devolving power to authorities to locally set planning fees
- Introducing an annual inflationary increase in planning fees
- Increasing discretionary charging including processing agreements, sites not allocated in the development plan and masterplan consent areas
- Introducing fees for appeals
- Service charge for submitting applications online
- Considering the potential to alter the threshold for applications under the Electricity Act
- Introducing a fee category for hydrogen projects

- Increased fees for prior notification and approval categories.
- Consistent approach to fees for shellfish farming.

Proposed COSLA Position

5. Not all of these proposals are new, and some were consulted on in the last consultation on planning resources. Our position in relation to the Electricity Act thresholds, charging for appeals and cross council working to align consents are well established through specific planning policy. Similarly, proposals around local fee setting and increasing discretionary charging options are well established through our wider corporate positions and remain relevant to this consultation. We therefore see no need to revisit proposals where COSLA already has an established position, or our ambition for full cost recovery for planning authorities.
6. This leaves some new proposals which have emerged through recent engagement which require the Board's agreement, most notably the creation of a central planning hub, inflationary annual planning fee increases and the introduction of a new fee category for hydrogen projects. More detail and proposed positions for Members agreement are set out below:

Creation of a central planning hub to support local authorities

7. A recurring suggestion from stakeholders throughout recent engagement has been the establishment of a central pool of staff and specialists that would be accessible to authorities to use as and when required to assist them with their planning functions. The Building Standards Hub (BSH) has been held up as an example of good practice that could be transferable to planning. The intention of such a hub would be to provide additional support and resilience, particularly for technical and specialist expertise, or new and emerging areas such as energy, heat, biodiversity or climate adaptation, or to provide additional support to process large or complex applications. This said it must be respected that the BSH emerged from specific circumstances and while it may provide a good working example, a similar approach for planning will require separate consideration and cannot simply be a carbon copy.
8. Where the hub would be hosted and how it is financed are key considerations which the consultation seeks views on. The options for hosting are presented as: within the Scottish Government, within a public organisation or within a host authority. The BSH is based within Fife Council, and this approach appears the best option for ensuring that the hub can more easily support local authorities effectively by identifying the right type of support, having direct access to the relevant information and understanding of local authority processes and procedures and secure buy in from across Local Government.
9. Resourcing will be a key element of the creation of a hub as, like the BSH, any additional resource must be cost neutral to Local Government and not a further reduction to the resources available to local authority planning services. Private sector funding has been proposed as a potential model, but this creates the likelihood of conflicts of interest and would be difficult to operate in practice long term. It may be that, until further work to establish the role and demand of a potential hub is complete, we are not able to express a strong position on exactly how the hub is resourced or the amount of funding required, but we can be firm in our position that any new hub must be cost neutral and not impose a resource burden on Local Government. Whatever the findings, the consultation does commit Scottish

Government to working with COSLA and Heads of Planning to consider in detail how finance could be collected and administered for a hub.

10. We therefore propose that COSLA support work being done to establish a business case for the hub and that, like the BSH, is embedded with in Local Government in some way. This support is contingent on establishing the function and additional capacity the hub will provide, hosting of the hub within Local Government and a funding model which is cost neutral to Local Government.

Introduce an annual inflationary increase in planning fees

11. The consultation highlights the fact that planning fees have not kept pace with inflation, which has been felt more acutely in recent years. Fee increases have been made at irregular intervals and often by arbitrary amounts, rather than at regular intervals and amounts which reflect changing context. One suggestion for addressing this issue is to automatically adjust planning fees annually in line with inflation. The consultation proposes that this would be calculated on the basis of the 12 month Consumer Price Index rate.
12. The potential benefits of this approach to Local Government are 2-fold. Firstly, planning fees would not fall behind in periods of higher inflation, such as our recent experience, which would increase the resources raised through planning fees. This benefit would only be fully realised if the inflationary increases apply to maximum fee caps as well as individual and incremental fees. Secondly, automatic regular adjustments would improve the efficiency of the current system by removing the need for consultation and engagement on every fee increase which necessitates a significant amount of time and staff resources.
13. We propose that COSLA support annual inflationary planning fee increases for individual, incremental and maximum planning fees, but by the GDP Deflator Indicator already supported by finance colleagues on other areas.

Introducing a fee category for hydrogen projects

14. Hydrogen developments are expected to play an important role in supporting the just transition to net zero, and some local authorities are already noticing an increase in applications for hydrogen projects. These vary in complexity and currently are processed under fee category 13 – plant and machinery, which is not appropriate and frequently does not cover the costs of linked to considering applications for hydrogen projects.
15. The creation of a new fee category would better reflect the resources required when determining these applications, which would better contribute to full cost recovery for the Local Authority, as well as providing greater clarity to help avoid confusion or potential delay in validating these applications. We therefore ask Members to support the creation of a new fee category for hydrogen projects which COSLA will work with Heads of Planning Scotland and Scottish Government to ensure any new category accurately reflects the cost of determining applications for hydrogen projects.

Next Steps

16. The deadline for responses to the Investing in Planning consultation is 31st May 2023. There will therefore be no further opportunity for the Board to sign off our final response to the consultation. It is proposed that the response goes to COSLA Leaders for final sign off, subject to the Board's agreement on the positions raised in

this paper. Future reports will be brought to the Board to develop areas of work following the consultation process and as part of our wider engagement with planning reform.