

Report To: Environment and Regeneration Committee **Date:** 30th August 2012

Report By: Corporate Director Environment, Regeneration and Resources **Report No:** E+R/12/08/09/SJ/NMcL

Contact Officer: N.McLaren, Development and Building Standards Manager **Contact No:** 01475 712420

Subject: Scottish Government Consultation on Development Delivery

1.0 PURPOSE

- 1.1 The purpose of this report is to approve a draft response to the Scottish Government's consultation on Development Delivery.
- 1.2 Development contributes to economic growth and it requires supporting infrastructure to service the development, provide transport connectivity and ensure quality of place. The Scottish Government is seeking to support development delivery and facilitate sustainable economic growth.
- 1.3 This consultation paper represents Stage 1 of the Scottish Government's consultation process on 'Development Delivery' seeking views from all sectors of the development industry on current issues and opportunities for facilitating development and infrastructure provision. The findings and output from this consultation will inform a second consultation (Stage 2) which shall investigate the detail of potential proposals or measures to assist with development delivery.

2.0 SUMMARY

- 2.1 The consultation poses 7 questions, which were responded to as detailed in paragraphs 5.2 to 5.8.

3.0 RECOMMENDATION

- 3.1 It is recommended that the Committee agrees to the consultation response submitted to the Scottish Government.

4.0 BACKGROUND

- 4.1 Development contributes to economic growth and it requires supporting infrastructure to service the development, provide transport connectivity and ensure quality of place.
- 4.2 In the current economic climate of limited public and private sector expenditure, funding of necessary infrastructure has restricted development. In response, the Scottish Government is seeking to support development delivery and facilitate sustainable economic growth.
- 4.3 This consultation paper represents Stage 1 of the Scottish Government's consultation process on 'Development Delivery'. It seeks initial views from all sectors of the development industry on current issues and opportunities for facilitating development and infrastructure provision. The findings and output from this consultation will inform a second consultation (Stage 2) which shall investigate the detail of potential proposals or measures to assist with development delivery. This consultation sought views by 22 June 2012.

5.0 CONSULTATION QUESTIONS

- 5.1 The consultation poses 7 questions:
- 5.2 The Planning etc (Scotland) Act 2006 contained changes to the planning system, but the economic context in which the Act was drafted has changed dramatically. The Scottish Government recognises the impact the global recession has had on the property sector, and that development sites are struggling to come to fruition – sometimes due to infrastructure need. The Government has programmed a range of actions with the following actions being taken forward:
 - “Stalled Sites Initiative” to assist in unlocking developments delayed due to the lack of enabling infrastructure;
 - Revision of Circular 1/2010: *Planning Agreements* to clarify the operation of planning obligations and to guide on the use of deferred contributions;
 - Pilot standard templates to assist with unilateral obligations;
 - Pilot a further range of reforms aimed at simplifying and streamlining development consenting; and
 - Provision of a suite of resources to support all stakeholders to better understand development economics and viability issues.

Question 1a: Do you think the current planning system supports or hinders the delivery of development and infrastructure?

Response: The planning system supports development and infrastructure projects, but not unconditionally. Planning is plan-led and as a democratic and political process it will not always support development; greater awareness of planning and the Government's commitment to increasing public engagement is resulting in more and more public representation that influences decision making.

Question 1b: What additional measures could be taken to support development and infrastructure delivery?

Response: In Inverclyde the Council has contributed significantly to supporting development and infrastructure delivery. It contributes to Riverside Inverclyde which focuses on urban regeneration along the waterfronts of Port Glasgow, Greenock and Gourock and is a partner in the James Watt Dock LLP, which is a public/private partnership aimed at securing a sound infrastructure base for future development of the site. Support for River Clyde Homes and other registered social landlords is also

- resulting in new major housing investment.*
- 5.3 Developer contributions towards the cost of enabling development infrastructure can be achieved through various means, including Section 75 Planning Obligations. The Scottish Government's policy that where financial contributions are required, staged payments over the development period can help limit any negative impact on the viability of development (rather than payments required upfront, before development commences). A fundamental test for the use of Planning Obligations is the need for a link to be established between the development and any infrastructure funding or provision sought as part of the developer's contribution. The negotiated nature of this approach can sometimes cause uncertainty in the level of contributions and delays in the process of agreeing. The Scottish Government is keen to gauge the extent of these issues and whether more needs to be done to address them. The development sector has raised the issue of development viability as a key factor affecting the delivery of development and infrastructure. This relates to the requirement for contributions to be provided upfront, but also the actual level of contributions being sought when planning permission is being secured.

Question 2: How well do you think the process of seeking developer contributions through Section 75 Planning Obligations is functioning?

- **Process functions well.**
- **Process requires some MINOR changes.**
- **Process requires some MAJOR changes.**
- **Section 75 Planning Obligations is not an appropriate process for securing developer contributions.**

Please explain why you have chosen your above answer and identify what can be done to alleviate any issues raised?

Response: From a local authority perspective, Section 75 planning obligations are not seen as the most appropriate process for securing developer contributions. The Section 75 route delays application delivery more often than not as a direct result of the uncertainty over level and nature of contributions and, of course, negotiation and the consequential legal process. The replacement with an obligation on pre specified types of development and size and based on the wider community impacts (leisure, roads, service provision, flooding) would provide certainty to all parties. It will enable land costs to reflect infrastructure costs, oblige service providers to meet obligations and ensure that the developer can focus on delivering on site.

- 5.4 The Scottish Government places emphasis on culture change as opposed to legislative change and wishes to investigate what more can be done within the existing legislative and policy context to enable the delivery of development.

Question 3: What additional measures or support could the Scottish Government undertake or provide to facilitate the provision of development and infrastructure within the current legislative framework?

Response: Show commitment to the development plan process by facilitating the delivery of identified opportunities. Ensure that developers understand their financial obligations towards the obligation of off site infrastructure and oblige public sector providers to commit to projects identified in development plans.

- 5.5 The Scottish Government is aware that innovative approaches to infrastructure funding and delivery are being considered throughout Scotland, with some Local Authorities developing schemes at present. To build on this, the Scottish Government is interested in capturing views on and details of innovative approaches to infrastructure delivery which are being considered or progressed.

Question 4: What innovative approaches are you aware of to facilitate development and infrastructure delivery and what are your views on their

effectiveness?

Response: No matter what, development opportunities have to be in the right location and under the right market conditions. Infrastructure projects aimed at reducing developer costs, as evidenced at various waterfront sites along the Inverclyde coastline, have not brought forward development. This is because of market conditions. In the long term these sites will benefit, but infrastructure provision is not a guarantee of prompt development delivery.

- 5.6 Work has been undertaken on behalf of the Scottish Government to investigate the potential of Development Charges in the Scottish planning system. Development Charges can operate in a number of different ways, and are often referred to by different names – for instance, a “roof tax”, “a tariff”, or “infrastructure levy”. Some approaches to Development Charges may include the use of alternative funding sources to front fund required infrastructure.

Question 5: Would you support the introduction of a Development Charge system in Scotland to assist in the delivery of development and infrastructure?

- Yes
- No

Please explain why you have chosen your above answer.

Response: Yes, but only for projects of a certain scale and type. Inverclyde Council would not wish to see small scale local developers who contribute to the local economy bearing the burden of costs given their small impact on infrastructure.

- 5.7 A Business and Regulatory Impact Assessment (BRIA) sets out the costs, benefits and risks of potential changes. The results of this consultation will be used to feed into the Business and Regulatory Impact Assessment.

Question 6: Do you have any information or can you suggest sources of relevant information on the costs and/or benefits to support the preparation of a BRIA?

Response: No.

- 5.8 Equalities Impact Assessment enables the Government to consider how policies may impact, either positively or negatively, on different sectors of the population in different ways.

Question 7: We would appreciate your assessment of the potential equalities impact that these issues may have on different sectors of the population.

Response: There is no identifiable impact.

6.0 IMPLICATIONS

- 6.1 Finance: None.

Financial Implications –

Cost Centre	Budget Heading	Budget Year	Proposed Spend this Report	Virement From	Other Comments
n/a	n/a	n/a	n/a	n/a	n/a

Financial Implications – Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From	Other Comments
n/a	n/a	n/a	n/a	n/a	n/a

6.2 Personnel: None.

6.3 Legal: None.

7.0 LIST OF BACKGROUND PAPERS

Scottish Government – Consultation on Development Delivery 2012

RESPONDENT INFORMATION FORM

Please Note this form **must** be returned with your response to ensure that we handle your response appropriately

1. Name/Organisation

Organisation Name

Inverclyde Council

Title Mr

Surname

McLaren


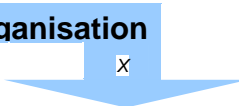
Forename

Nicholas

2. Postal Address

Cathcart House		
6 Cathcart Square		
Greenock		
Postcode	Phone	Email
PA15 1LS	01475 712420	Nicholas.McLaren@Inverclyde.gov.uk

3. Permissions - I am responding as...

/ Group/Organisation	
	
	<p>(c) The name and address of your organisation will be made available to the public (in the Scottish Government library and/or on the Scottish Government web site).</p> <p>Are you content for your response to be made available?</p> <p>Please tick as appropriate X Yes</p>
<p>(d) We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?</p> <p style="text-align: center;">Please tick as appropriate X Yes</p>	

DEVELOPMENT DELIVERY CONSULTATION QUESTIONS

Consultation question 1a: Do you think the current planning system supports or hinders the delivery of development and infrastructure?

Mostly supports

Please explain why you have chosen your above answer.

Comments The planning system supports development and infrastructure projects, but not unconditionally. Planning is plan-led and as a democratic and political process it will not always support development; greater awareness of planning and the Government's commitment to increasing public engagement is resulting in more and more public representation that influences decision making.

Consultation question 1b: What additional measures could be taken to support development and infrastructure delivery?

Comments In Inverclyde the Council has contributed significantly to supporting development and infrastructure delivery. It contributes to Riverside Inverclyde which focuses on urban regeneration along the waterfronts of Port Glasgow, Greenock and Gourock and is a partner in the James Watt Dock LLP, which is a public/private partnership aimed at securing a sound infrastructure base for future development of the site. Support for River Clyde Homes and other registered social landlords is also resulting in new major housing investment.

Consultation question 2: How well do you think the process of seeking developer contributions through Section 75 planning obligations is functioning?

Section 75 Planning Obligations is not an appropriate process for securing developer contributions

Please explain why you have chosen your above answer and identify what can be done to alleviate any issues raised?

Comments From a local authority perspective, Section 75 planning obligations are not seen as the most appropriate process for securing developer contributions. The Section 75 route delays application delivery more often than not as a direct result of the uncertainty over level and nature of contributions and, of course, negotiation and the consequential legal process. The replacement with an obligation on pre specified types of development and size and based on the wider community impacts (leisure, roads, service provision, flooding) would provide certainty to all parties. It will enable land costs to reflect infrastructure costs, oblige service providers to meet obligations and ensure that the developer can focus on delivering on site.

Consultation question 3: What additional measures or support could the Scottish Government undertake or provide to facilitate the provision of development and infrastructure within the current legislative framework?

Comments *Show commitment to the development plan process by facilitating the delivery of identified opportunities. Ensure that developers understand their financial obligations towards the obligation of off site infrastructure and oblige public sector providers to commit to projects identified in development plans.*

Consultation question 4: What innovative approaches are you aware of in facilitating development and infrastructure delivery and what are your views on their effectiveness?

Comments *No matter what, development opportunities have to be in the right location and under the right market conditions. Infrastructure projects aimed at reducing developer costs, as evidenced at various waterfront sites along the Inverclyde coastline, have not brought forward development. This is because of market conditions. In the long term these sites will benefit, but infrastructure provision is not a guarantee of prompt development delivery.*

Consultation question 5: Would you be supportive of the introduction of a Development Charge system in Scotland to assist in the delivery of development and infrastructure?

Yes

Please explain why you have chosen your above answer.

Comments *Only for projects of a certain scale and type. Inverclyde Council would not wish to see small scale local developers who contribute to the local economy bearing the burden of costs given their small impact on infrastructure.*

Consultation question 6: Do you have any information or can you suggest sources of relevant information on the costs and/or benefits to support the preparation of a BRIA?

Comments *No.*

Consultation question 7: We would appreciate your assessment of the potential equalities impact these issues may have on different sectors of the population.

Comments *There is no identifiable impact.*