

MEETING BETWEEN MINISTER FOR LOCAL GOVERNMENT, HOUSING AND PLANNING and ARTHUR MANN, STRATEGIC LAND DIRECTOR FOR MILLER HOMES	
<b>TIMING</b>	Thursday 16 <sup>th</sup> January 2020: 13:30 – 14:15 T4.44 Parliament
<b>ATTENDEES</b>	<p>Arthur Mann – Strategic Land Director, Miller Homes  Mark Cummings – Director of Invicta Public Affairs  (<a href="http://www.invictapa.co.uk/our-people/">http://www.invictapa.co.uk/our-people/</a>)</p> <p><b><u>Official Support</u></b></p> <p>Fiona Simpson, Deputy Chief Planner, 07554332268  Angela Adams, Senior Planner, 0131 244 5618</p>
<b>AGENDA</b>	No specific agenda. Briefing covers points raised in Mr Mann’s letter titled ‘The Future of Scotland’s Planning System’ (Annex A).
<b>YOUR MAIN OBJECTIVE</b>	<ul style="list-style-type: none"> <li>• Arthur Mann requested the meeting following discussion with the Minister at a dinner event on Sunday 13 October 2019.</li> <li>• This meeting provides an opportunity to discuss housing delivery with a private sector representative.</li> </ul> <p><b><u>Key messages</u></b></p> <ul style="list-style-type: none"> <li>• Encourage active participation throughout progress on planning reform and the implementation of the new Planning Act.</li> <li>• Highlight opportunities for stakeholders to also be engaged in influencing National Planning Framework 4, particularly in regard to housing delivery.</li> <li>• Highlight NPF4 Programme for Engagement and Call for Ideas launched on 9 January 2020 on the new Transforming planning website.</li> </ul>
<b>PRACTICAL ARRANGEMENTS</b>	MACCS diary request: 201900005806

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## LETTER FROM ARTHUR MANN



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Mr Kevin Stewart MSP  
 Minister for Local Government, Housing and Planning  
 The Scottish Government, St. Andrew's House  
 Regent Road, Edinburgh  
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30<sup>th</sup> October 2019

Dear Mr Stewart MSP,

### The Future of Scotland's Planning System

I refer to the dinner on Sunday 13<sup>th</sup> October and thank you for your hospitality and conversation. I am a firm believer that communication is the key to achieving a successful planning system as we move forward and work to create and maintain a thriving Scotland. This will be central to ensuring that the private sector plays its full part in delivering not just more homes for private sale or rent, but also expanding affordable tenures, adding to the wider Scottish economic activity, social justice and net environmental gains beneficial to the nation.

That said, we will not be able to deliver all potential aspirations overnight and an agreed, calculated route forward needs to be arrived at which equally assists and challenges industry in a measured way. With this in mind, I would like to thank you for the work that you undertook on the *Planning (Scotland) Act 2019* earlier this year. We are happy that a consensus emerged at Stage 3, in particular that the status quo around appeal rights and sustainable development on greenbelt was maintained. We all need to reflect upon the way in which homebuilders seek to deliver sustainable development, but it is crucial that this is not pursued in a way that undermines business confidence or stymies investment.

### Opportunities and Challenges for the Industry

My own thoughts on the opportunities and challenges faced in Scotland over the next 5-10 years can be summarised within the following headings:-

1. **Growth Aspirations** - establishing clear housing targets, in terms of annual unit output, for Scotland and city regions therein;
2. **Infrastructure** - ensuring that growth does not imbalance communities but rather brings additional benefits to those already living in an area and that the necessary new roads, drainage, shopping and schools are available to support new, well planned communities at the outset;
3. **Tenure** - creating opportunity and security for those wishing to move into home ownership (in part or in full) and ensuring the right homes are built in the right areas, allowing for choice and for people to stay in their communities;
4. **Standards** - not just revising building standards to ensure that we build some of the best new homes in Europe but the service by which these are delivered. This ranges from motivated planners and building control officers through to engaged politicians clear in their duty to bring benefits to their local authorities and ensuring planning gain is delivered properly in creating lasting benefit in the local communities absorbing new development;
5. **Clarity** - in the delivery of decisions and outcomes which help to ensure that Scotland remains a positive place in which to do business given the global demands on investment. We also need to ensure that we attract development funding into Scotland on the basis of a

growing educated and economically active population, which in turn helps support the delivery of both infrastructure and new homes of all tenures.

Most notably, clarity over both national growth aspirations and standards and in how we conduct business in Scotland is essential to provide the confidence and vigour needed to ensure the inflow of capital into the country. This will be critical for supporting, sustaining and growing industrial output, particularly in home building. We need to establish a long-term vision, which can be supported by immediate actions.

These will include steps like extending Help to Buy (HTB) in line with the UK Government's commitment to deliver this programme in England until 2023 and working to motivate quality public sector planners and building control officers who will need to match the output required to build Scotland at a better rate in the decades ahead. We should also look at the thresholds for HTB as there is currently a £200k blanket across the country, and more expensive areas like Edinburgh may benefit from a higher threshold (within the range of £250 - £275k) to bring three bed properties into reach.

In my view, these will not include further regulations such as those being suggested in the private members bill proposal entitled '*New-Buyer Homes (Buyer Protection) (Scotland) Bill*'. Rather, home builders should work with the Scottish Government to better understand and resolve issues that exist around new build homes, such as redoubling our efforts around Homes for Scotland's common consumer code for house builders. We should avoid legislating to implement statutory standard missives for the sale of new build homes and redress measures which would place Scotland out of kilter with the rest of the UK and create uncertainty for home builders along with impacting the mortgage market.

#### **Next Steps**

Much of what I say here are my personal views which have been developed over a lifetime of working within the home building industry and are not necessarily those of Miller Homes or Homes for Scotland. Nevertheless, I am confident that you will find a lot of willingness to engage from the sector based on the common themes from the discussions you have had with my peers.

I would welcome the opportunity to discuss my thoughts with you further as we seek to improve the working relationship between public and private sectors in order to deliver the pace of housing required in the years ahead. To arrange a meeting, please do contact my colleague [redacted] at [redacted] or on [redacted]

Yours sincerely,

[redacted]

**ARTHUR MANN**  
**Strategic Land Director – Scotland**  
**Miller Homes Limited**

## PLANNING (SCOTLAND) ACT 2019 & THE PLANNING REFORM PROGRAMME

### Top Lines

- **Scotland's economy needs a planning system that can create quality places with the housing, infrastructure and investment that people need.**
- **Our planning reforms will strengthen planning's contribution to inclusive economic growth, delivery of development and empowering communities.**
- **Work is now underway on National Planning Framework (NPF) 4 and on implementing the Planning Act.**
- **We will continue with our approach to strong collaboration that has been a theme throughout the planning reform programme; involving planning stakeholders in the details of the new system.**

### **Background**

The Planning (Scotland) Act 2019 is part of wider reforms of planning, following the recommendations of an independent panel.

The Planning Act was passed on 20 June and received Royal Assent on 25 July.

- The Conservatives voted with the Government to pass the Bill; Labour, Green and Lib Dems voted against.
- Stage 2 saw substantial changes made by non-Government amendments, imposing greater burdens and complexity.
- Stage 3 amendments returned the Bill to its original aims.

A work programme for implementing the Act and taking forward other aspects of reform was published on 30 September 2019.

- A substantial programme of regulations and guidance are required to implement the Act.
- These will be taken forward through engagement and consultation with stakeholders, before being laid in the Scottish Parliament.
- The first sections of the Act were brought into force on 8 November 2019. Details of sections being brought into force will be available on our website.
- The majority of the Act will be implemented by Spring 2021.

### **Key provisions of the Act include:**

- An agreed overarching statutory purpose for planning – that planning is about 'development and use of land in the long-term public interest';
- A stronger National Planning Framework, incorporating Scottish Planning Policy, which is approved by the Scottish Parliament after consultation.
- A restructured system of development plans, consisting of the National Planning Framework alongside councils' local development plans, all to be informed by new regional spatial strategies;
- More opportunities for community engagement, including through community-led local place plans, to inform local development plans;
- The content of development plans will have greater focus on supporting health and equalities and addressing the global climate emergency;

- Requirements for elected member training, so that those councillors taking planning decisions are well equipped to make decisions in a consistent manner. This is essential to maintaining trust in the planning system;
- Establishment of an Improvement Co-ordinator to be appointed by Ministers to monitor and advise councils, and anyone involved in planning;
- Broader powers to make regulations about fees for planning services;
- New powers to protect live music venues, so that they do not come under threat of closure due to new housing being built close to them; and
- A proportionate response to handling short-term lets, allowing councils to designate areas where planning permission would always be required to change use of homes to letting;
- Various measures to increase transparency around planning applications and ensure more decisions are made locally.

### **Other reforms included in the work programme cover:**

#### Preparation of NPF4

- This will incorporate Scottish Planning Policy and become part of the statutory development plan, which guides decisions on individual developments.
- Key outcomes for the NPF include addressing climate change, meeting housing need, improving health and wellbeing and improving equality. It will also align with other national strategies and plans.
- We expect to lay a draft NPF4 in Parliament around September 2020. Following formal consultation, a final version will be laid in 2021 (after the Scottish Parliament elections).
- The Framework has to be approved by Parliament, and this will determine when it is completed.

#### Transforming Planning In Practice Working Groups

- To take forward the post-bill work programme we invited a range of stakeholders to contribute to 'Transforming Planning in Practice Working Groups' in December 2019 on areas such as development planning. Homes for Scotland are represented on these groups and the groups will reconvene early in 2020 to progress their areas of work.

#### Review of Permitted Development Rights

- Granted by the Town and Country Planning (General Permitted Development (Scotland) Order 1992 (as amended), these allow development without the need to apply for planning permission.
- A Sustainability Appraisal of options for 16 development types has been published, together with a proposed programme for reviewing and delivering changes to the Order.
- Early elements of the programme will include considering of changes that help to address climate change, any changes in relation to hill tracks, measures to support digital connectivity and to support the delivery of affordable homes in rural areas.

## Land Value Capture

- Following the report by the Scottish Land Commission, we will continue to consider how we can more effectively make use of land value uplift for public benefit.
- This will include taking stock of existing mechanisms such of planning obligations, before considering new mechanisms such as the infrastructure levy or changes to compulsory purchase.
- We intend to bring forward a package of proposals to address how planning authorities can assemble land, tackle problem properties and capture land value uplifts for consideration by the next administration.

## Fees

- On 18th December 2019 we published a consultation on updating the planning performance and fee regimes. The consultation closes on 14th February 2020.
- This was a key action identified in our work programme which was published in September 2019.
- Scottish Ministers remain committed to the principle that any increases to planning fees must be linked to improved performance.

## Digital planning

- We want digital solutions to be at the heart of reforms to how planning operates.
- Our digital planning programme is working towards responsive national mapping, stronger use of data and better access to planning information for all.
- This will help to create a digital planning service which is flexible, responsive and ready to embrace future change.
- We will set out our priorities in a Digital Strategy for Planning.

## Place

- The aim of our planning reforms must be to create great places for all.
- We will continue to promote place by implementing the Place Principle, to support the creation of sustainable places and transforming outcomes for communities.
- We will also continue to provide support for the Place Standard tool, which helps communities to consider the physical and social elements of a place and identify priorities for change.

## NATIONAL PLANNING FRAMEWORK AND REGIONAL SPATIAL STRATEGIES

### NATIONAL PLANNING FRAMEWORK 4

#### Background

NPF4 will be a long term spatial plan looking to 2050 that aims to set out where development and infrastructure is needed to support sustainable and inclusive growth.

It will guide spatial development, set out our national planning policies, designate national developments and highlight regional spatial priorities.

It is the spatial expression of the Government's National Performance Framework and of the Scottish Governments plans for development and investment in infrastructure to 2050.

National Planning Framework 3 remains in place until it is replaced by National Planning Framework 4.

A number of high-level outcomes require to be addressed in preparing NPF4. These are:

- meeting the housing needs of people living in Scotland including, in particular, the housing needs for older people and disabled people;
- improving the health and well-being of people living in Scotland;
- increasing the population of rural areas of Scotland;
- improving equality and eliminating discrimination;
- meeting any targets relating to the reduction of emissions of greenhouse gases; and
- securing positive effects for biodiversity.

The new National Planning Framework will incorporate Scottish Planning Policy, so spatial and thematic planning policies will be addressed in one place. It will be known as National Planning Framework 4 and will have the status of development plan for planning purposes. This is a change to the current position and will mean that its policies should be informing day to day decision making (decisions in the planning system are made on the basis of the development plan for the area).

NPF plays a significant cross-cutting role in shaping the delivery of the Government's policies locally, through decisions made in the planning system and influencing the spending priorities of Government, agencies and the private sector. Climate change, well-being, housing and infrastructure are some key factors that will be part of the policy review.

The Planning (Scotland) Act 2019 places additional legislative requirements on the review process, including up to 120 days consideration by the Scottish Parliament and ultimately approval of the National Planning Framework by the Scottish Parliament.

NPF4 will also be relevant to regional spatial strategies and important for communities as they develop their Local Place Plans.

NPF4 will be approved by Parliament, before it is adopted by Scottish Ministers.



## **Early Engagement**

We are committed to encouraging interest and wide public involvement in the preparation of NPF4 and want to engage with the public, community, voluntary and private sectors, as well as academics, experts and professional bodies. We will make a particular effort to reach beyond the people and organisations normally involved in planning consultations.

Our Programme of Engagement sets out further details of our commitments, achievements to date and plans for engagement in early 2020. A Participation Statement will follow in the summer covering our formal engagement period when we consult on a draft NPF4.

We will ensure that key stakeholders and the public are properly consulted at key stages in the process and that a statement on how these assessments have affected the development of the policy is included with the final Framework.

## **Top lines**

- **NPF4 will help to deliver development that meets our long term needs to 2050 and is highlighted as a major commitment in response to the climate emergency in the Programme for Government.**
- **Work to prepare NPF4 has commenced and we aim to have a draft to Parliament in September 2020. NPF4 will be approved by Parliament, before it is adopted by Scottish Ministers.**
- **The development of NPF4 is reliant on strong collaboration with stakeholders.**
- **We launched our Transforming Planning website on 9 January 2020 (transformingplanning.scot) alongside our NPF4 Programme of Engagement which sets out details of our engagement programme and the opportunities to get involved.**

## **We are inviting ideas on what Scotland will be like in 2050 and the changes we need to get us there.**

- Our Programme for Engagement sets out details of our engagement programme and the opportunities to get involved.
- We are inviting responses to our Call for Ideas by 31 March 2020.
- We will be visiting over 20 locations across Scotland as part of our Scotplan 2050 Roadshow.
- We are committed to ensuring we involve a wide range of stakeholders.

## **We aim to produce a draft NPF4 by September 2020**

- We will lay a draft in Parliament for consultation around September 2020.
- Public consultation will run alongside Parliament's consideration.
- Following this formal consultation, we aim to lay a final version in Parliament in 2021.

### **NPF4 will need to address a very different set of circumstances from NPF3 (adopted 2014)**

- There is a shift from sustainable economic growth towards sustainable and inclusive growth that requires a fuller spatial understanding of our economy and communities.
- We need a spatial response to the climate emergency.
- There are opportunities to align with ongoing infrastructure and transport work and officials are liaising closely.
- There is a renewed focus on rural development and rural repopulation.
- We need to set targets for land for housing and update housing policy.
- We need to look beyond our boundaries and consider future connectivity, markets and investment to respond to Brexit and wider global change.
- We will for the first time incorporate Scottish Planning Policy (SPP) and will take into account regional spatial strategies which will be prepared by local authorities.

### **The NPF can identify certain projects as national developments.**

- The NPF can identify certain projects as national developments.
- We are considering the process by which national developments will be identified.
- This will be based on Scotland's National Performance Framework and its national outcomes and indicators.
- Existing National Developments under NPF3 will remain national developments until NPF4 is published in final form and the new suite of national developments come into place.

### **NPF4 will be subject to a number of impact assessments**

- These include the Fairer Scotland duty, Strategic Environmental Assessment, Equality Impact Assessment, Islands Impact Assessment, Business and Regulatory Impact Assessment, plus Children's Rights and Well-being Impact Assessment.
- We will ensure that key stakeholders and the public are properly consulted at key stages in the process and that a statement on how these assessments have affected the development of the policy is included with the final Framework.

### **'Transforming Planning' website launch and Programme for Engagement**

- We launched our 'Transforming Planning' website on 9 January 2020 (<http://www.transformingplanning.scot/>) alongside our Programme of Engagement which sets out details of our engagement programme and the opportunities to get involved.
- We are inviting ideas on what Scotland will be like in 2050 and the changes we need to get us there. Responses to our Call for Ideas are invited by 31 March 2020.
- As part of our Programme for Engagement we are organising a NPF Scotland 2050 Roadshow and will be visiting over 20 locations across Scotland.
- We are committed to ensuring we involve a wide range of stakeholders and would welcome your contribution to this important stage in the process of developing NPF4.

## REGIONAL SPATIAL STRATEGIES

### Top Lines

- The Planning Bill introduces a new duty for planning authorities to prepare and adopt regional spatial strategies.
- A regional spatial strategy should identify the need for strategic development; the priorities for delivery and the proposed locations of strategic development.
- There is a duty to prepare Regional Spatial Strategies, but they are not part of the statutory development plan. They will be taken into account in the preparation of NPF and local development plans.
- There is an opportunity for indicative strategies to be incorporated into the draft NPF4.
- We do not have a fixed view about how to produce regional strategies or what they might look like.

### Regional strategies could address major challenges, including the need for more radical proposals that help respond to the climate emergency.

- Regional spatial strategies have the potential to be very influential, informing and aligning transport and infrastructure programmes and actively enabling development that contributes to our economic objectives.

### It is for authorities to consider how to fulfil this duty, but we will provide support to help authorities produce interim indicative strategies, should they wish to feed into NPF4.

- Embedding regional spatial strategies in the National Planning Framework means that they will have enhanced status as part of the statutory development plan which will be scrutinised and adopted by Parliament.
- The timing for NPF4 will likely mean that regional strategies will not have been fully adopted.
- But the NPF4 offers an early opportunity to work collaboratively and for regional groupings to provide input to assist the production of NPF4.

### We are putting in place a package of measures to support local authorities to ensure they do not miss the opportunity to feed into NPF4:

- We have offered a small financial grant to every planning authority to assist with early discussions on regional working.
- We will host meetings with emerging regional groupings to consider how best to inform production of the NPF4.
- We will provide access to a digital mapping platform as an aid to the production of regional spatial strategies.

## PLANNING FOR HOUSING

### Top Lines

- Meeting the housing needs of people living in Scotland is the first outcome that the National Planning Framework has to contribute to.
- The Scottish Government is committed to increasing the supply of new homes – it is crucial that this is taken forward in a way which supports the right housing in the right places not just in terms of numbers, but as an integral part of a place-based approach to planning for housing.
- National Planning Framework will contribute to meeting the housing needs of the population and contain targets for the use of land in different areas of Scotland for housing.
- Local authorities will work together to prepare Regional Spatial Strategies setting out strategic development priorities. We expect that this could include contributing to the housing land targets to be set out in NPF, but the detail of what is appropriate is still to be defined.
- Local Development Plans will produce evidence reports and have a “gatecheck” to resolve disagreements over housing land requirements earlier in the process.
- The measures introduced through the Planning (Scotland) Act 2019 together with the existing structures supporting housing delivery will ensure that we are meeting the housing needs of Scotland’s population and providing sufficient land to meet those needs.

### **Planning (Scotland) Act 2019 key driver to deliver more good quality homes and create sustainable places**

- The Planning (Scotland) Act 2019, forms an important part of wider planning reforms and one of its key drivers is to deliver more good quality homes and create sustainable places.
- We want to create great places, for people to live in an environment that supports wellbeing, with access to facilities and the necessary infrastructure to tie it all together.
- The Act contains a number of outcomes to be addressed in National Planning Framework (NPF4) and Local Development Plans (LDPs) including a renewed focus on rural development and **rural repopulation**, and addressing the housing needs of the population of the area, including, in particular, the needs of persons undertaking **further and higher education, older people and disabled people**.
- The Act should ensure that there is more certainty around planning for housing.

### **As a result of the Planning Act, the National Planning Framework is required to contain ‘targets for the use of land for housing’ in Scotland**

- We are still considering the way in which requirements for housing land could be defined to meet this requirement
- Early work is underway on preparing NPF4, which will have enhanced status as part of the statutory development plan.
- It will set the framework for LDPs and will contain ‘targets for the use of land in different areas of Scotland for housing’ providing more certainty about the amount and location of housing to be delivered within the context of creating sustainable places.
- This work will be undertaken collaboratively across the Scottish Government and with wider stakeholders – including Homes for Scotland – ahead of the public consultation on NPF4 programmed for Q3 2020.
- We want everyone with an interest to be involved in shaping the detail of the new system.
- A draft of NPF4 will be laid before Parliament in Q3 2020 for consultation.
- It is expected that the revised draft NPF4 will be laid before Parliament for approval in 2021 and will provide more certainty about the amount and location of housing to be delivered across Scotland.

### **LAs will work together to prepare Regional Spatial Strategies setting out strategic development priorities, including housing**

- We expect that this could include contributing to the housing land requirements to be set out in NPF, but the detail of what is appropriate is still to be defined. Both the NPF and LDPs will be required to have regard to regional spatial strategies when they are formally adopted by authorities.
- We are required by the Act to prepare statutory guidance on RSS and this will need to be informed by collaborative working with a wide range of stakeholders.

### **Local Development Plans will produce evidence reports to resolve disagreements over housing targets earlier in the process**

- The Act makes significant changes to the approach to preparing LDPs, with the aim of making them more effective, with greater community involvement and more focus on delivery.
- It introduces a requirement to produce evidence reports, along with an early “gatecheck” to ensure the evidence is sufficient; new requirements for participation and engagement of communities and particular groups; and a range of issues which must be considered in the plan. LDPs will move onto a 10-year cycle from the current 5-year period.
- The evidence report and “gatecheck” should ensure that disagreements over housing land requirements are effectively addressed at an early stage
- There are new powers at Examination for the Reporter to require the planning authority to prepare a new proposed plan, if they consider the land allocated in the plan is not sufficient to meet the housing targets.

## **Q&A**

### **Q: How will you go about addressing the requirement for targets in the NPF?**

A: We expect to work collaboratively to prepare the next NPF.

- As part of this a full conversation on housing land required in the future will be required.
- We need to get the right balance between providing clarity at a national scale, and ensuring regional and local circumstances and aspirations can be reflected.
- We will be setting out more detail on the process for preparing NPF4 shortly and look forward to engaging with stakeholders on this important issue.

### **Q: What will the new powers at examination achieve?**

A: At present, if the Reporter finds there is not enough housing land allocated in a plan, they may need to identify additional sites themselves. It is better for the local planning authority to take responsibility for identifying sufficient sites.

- The new powers will allow the Reporter to send the proposed plan back and require the authority to prepare a new one. Alternatively they can pass the plan, but recommend the planning authority amends it immediately.
- Sometimes it will be more helpful to have a plan in place, for other aspects, while the authority updates the housing allocations.

### **Q: How will the “gatecheck” improve planning for housing?**

A: As the first stage in the process, the planning authority will have to provide an evidence report, covering the key issues to be addressed by the development plan including current provision and future needs for housing and other facilities.

- A Reporter will consider this to ensure it contains enough information to enable the authority to prepare their development plan.
- We expect they will also consider any disputes over the evidence. This will allow any disagreements over the amount of housing land required to be addressed at an early stage.

### **Q: What are your plans for Housing Land Audits (HLAs) in the new system?**

A: HLAs monitor housing completions then are used to programme future house building.

- The two key functions of HLAs are to demonstrate that a 5-year effective land requirement is continuously met, and to provide a snapshot of available land at any point in time.
- HLAs are audited and agreed by Homes for Scotland and should be informative not only for planners, but also for the development industry, infrastructure and other service providers.
- The Scottish Government published research (undertaken by Ryden LLP and Brodies LLP) into the consistency of HLAs and their role in development plan delivery in January 2019. It found that HLAs are not undertaken consistently across LAs which can result in delays in production and disputes over sites.
- We agree this is an important issue and will give further consideration to the research findings as the new development plan system is designed.

**Q: What are your plans for calculating a five-year effective housing land supply?**

A: We are aware that there is considerable interest about a method for calculating a five-year effective land supply and we will take forward this area of work to align with the approach developed for housing land targets in NPF4.

- As part of our work on planning reform we will be reviewing all policy and guidance.
- As you will be aware the 'Housing and infrastructure: draft planning delivery advice' which set out a method for calculating the five-year effective land supply was withdrawn in December 2017.
- We look forward to working with a wide range of stakeholders to develop guidance reflecting the new planning system.

**Q: What are your plans for early engagement with Homes for Scotland on NPF4?**

A: We will embark on an early engagement process in early 2020 and I would encourage you to positively engage during this stage of the process to help shape our approach to Draft NPF.

- We are looking to establish an NPF4 Housing Panel early in 2020. Homes for Scotland will be invited to join this group to provide knowledge and expertise alongside other public and private sector bodies and academics. Together we will work to develop an approach that provides more certainty around housing land requirements and allows us to refocus our combined efforts on creating sustainable places.

**Q: How will NPF targets take into account 'hidden households'?**

A: In developing our approach to targets for the use of land for housing in NPF4 we will consider all relevant information and will consult on our methodology in advance of publishing Draft NPF next year.

- Background –
- At the Homes for Scotland (HfS) Forum on 30 October in discussion about NPF housing targets HfS offered to provide information around 'hidden households'. The Minister responded that any target in NPF will be based on the best information available.
- For context, these households are commonly perceived as young adults staying with parents who are unable to afford to buy their own homes,
- This is an issue that HfS has raised previously and which officials have met with them and discuss. We consider that these households are captured in the household projection methodology and are not another group of people to be added in when identifying housing need and demand. It is understood that this issue was raised at the Ministerial Population Task Force in October 2019 and NRS will undertake further work on this matter.

## FIRST HOME FUND

### Top Lines

- The First Home Fund is a new £150 million national pilot scheme which provides first-time buyers with up to £25,000 towards the purchase of a home. The new scheme is to run in conjunction with the current shared equity schemes.
- The scheme is open to all first-time buyers, regardless of income or eligibility for existing schemes.
- The scheme launched as a pilot on 18 December 2019 and will run until March 2021. It will help at least 6000 first-time buyers purchase a property that meets their needs and is located in the area where they want to live, and can be used for both existing and new build properties.
- We will have a robust and comprehensive evaluation in place throughout the pilot period which will help us make decisions on future support for home buyers in Scotland.

### Q&A

**Q: Will this scheme replace the existing Help to Buy (Scotland) scheme?**

A: The existing home ownership schemes are currently being evaluated. This work is expected to conclude later this month and any decisions regarding the future of these schemes, including Help to Buy, will be based on the outcomes of the evaluation.



## HELP TO BUY (SCOTLAND) SCHEME

### Top Lines

- A strong and growing house-building industry is key to Scotland's future economic prosperity. Help to Buy (Scotland) represents one part of a wider and substantial package to support home ownership more generally.
- Since 2013, Help to Buy (Scotland) has supported the purchase of over 15,000 new build properties and supported over £2 billion in sales.
- The current scheme focuses provision on more affordable housing with ongoing ring fenced support for houses built by smaller developers.
- To ensure continued investment by the house-building industry in Scotland, £110 million has been committed for Help to Buy (Scotland) from 2019-2021 - supporting over 4,000 households buy a new build home.
- We are committed to Help to Buy (Scotland) to 2021. We are working with the housing sector to look at how best to deliver affordable homes beyond 2021, which includes the future of Help to Buy in the longer term.
- A formal evaluation of our shared equity schemes, including Help to Buy, is almost complete – it includes input from owners, developers and lenders. This work is expected to complete in January, and will inform decisions about the future of Help to Buy beyond 2021.
- *[If pressed: a decision on the future of Help to Buy (Scotland) will be made in spring 2020]*

### **Sensitivities**

- UK Government announced in October 2018 that they will extend Help to Buy in England to 2023. Builders and lenders are keen to see a similar commitment in Scotland.
- Concerns around the type of households receiving support – perception that wealthy households benefit at the expense of lower income households.
- Concern about the percentage share of sales by big builders. 47% of sales are with three large builder (Barratt, Taylor Wimpey and Persimmon).
- Clams from builder that the price cap of £200k is not high enough for some areas of Scotland, such as Edinburgh.

### **Key Stats**

- Over 8 in 10 of Help to Buy (Scotland) households were first time buyers and 79% were aged 35 or under in 2018/19
- The large number of sales by big builders in Help to Buy (Scotland) reflects market share. Shared equity support is provided directly to buyers and builders receive no support from the Scottish Government.
- Income levels for Help to Buy (Scotland) are based on household income not personal income. The average household income for recipients of the scheme in 2018/19 was £41,000 (a reduction from £46,000 in the first three years of the scheme).

## **Background**

- Help to Buy (Scotland) is a shared equity scheme, launched in September 2013, which aims to support Scotland's house-building industry following the financial crisis as well as help people to buy a new build home in Scotland.
- It is made up of two parts - the Affordable New Build and the Smaller Developers Schemes. The scheme currently provides up to 15% equity towards the purchase of new build homes up to a value of £200,000.
- Over the next two years the funding commitment is
  - 2019-20 £60 m
  - 2020-21 £50 m (subject to review in next spending review)
- £18m of each year's budget is ring fenced for smaller developers.
- The Help to Buy (Scotland) price cap has been progressively reduced - assisting the purchase of more affordable properties and those most in need. We have also reduced the maximum equity percentage from 20% to 15%.

## **Q&A**

### **Q: The UK Government have committed to funding Help to buy until 2023, when will the SG confirm future plans for Help to Buy (Scotland)?**

A: We are committed to Help to Buy (Scotland) to 2021. We are working with the housing sector to look at how best to deliver affordable homes beyond 2021 onwards, which will include considering the future of Help to Buy (Scotland) in the longer term. This will include an independent evaluation of our shared equity schemes with input from buyers, builders and lenders. This will conclude later this year and the results will inform decisions about the future of Help to Buy (Scotland)

### **Q: What's being done to address the fact that three builders (Barratt, Taylor Wimpey and Persimmon) are responsible for almost 50% of the sales in the scheme?**

A: The number of sales by big builders in Help to Buy (Scotland) reflects the market share of these builders. Support is provided direct to home buyers. Builders receive no support from the Scottish Government. It is for home buyers to choose which builder they buy from.

### **Q: The majority of the funding available supports sales to the largest builders. What is the Scottish Government doing to help smaller homebuilders?**

A: Funds have been ring fenced for smaller home builders since November 2014. This equates to £18m per year for the remaining years of the scheme. The scheme is, however, demand led by consumers who will purchase their home from a builder of their choice.

**Q: The wealthy are benefiting from Help to Buy. Are you planning to refocus the scheme to those on lower incomes?**

A: The average household income of purchasers supported in Help to Buy Scotland is £41k. Only those who cannot afford to buy without Help to Buy support are eligible. We have progressively reduced the price cap over the period Help to Buy has operated. The maximum purchase price in the scheme is now £200k - assisting the purchase of more affordable properties and those in most need.

As well as Help to Buy, the LIFT (Low-cost Initiative for First-time Buyers) scheme aims to support first time buyers on low to moderate incomes.

**Q: The £200k price cap in place for the scheme is not high enough to allow access to the scheme across the whole of Scotland. Are there any plans to change this to accommodate all areas?**

A: The price ceiling has gradually reduced from the original figure of £400,000 to the current £200,000 to ensure that more people can benefit from available funding and help to target funding at lower income families and first time buyers. We accept that in certain geographical areas not as many homes will be purchased with assistance from the scheme.

The £200k price cap was agreed with key stakeholders and is more than the average price of property purchased through the scheme (which was £172k in 18/19). The £200k price cap will remain for 2019/20 and 2020/21. Decisions on the scheme thereafter will be informed by the shared equity evaluation exercise.

**Q: Would the Financial Transactions (FT) funding used for Help to Buy not be better spent tackling other issues such as homelessness?**

A: There are strict rules on how FTs can be spent. They can only be provided in the form of loans or shared equity as ultimately they need to be repaid to HMT. This means that FT funded projects need to either have an income stream attached to them or, in the case of Help to Buy, a capital repayment when the house is sold to redeem the loan. Additionally, FTs can only be issued to private sector organisations or individuals.

**Q: In some rural areas there aren't many home builders participating in the scheme, why is this?**

A: Participation in Help to Buy is voluntary and all home builders may register providing they sign up to the terms and conditions. We have new home builders registering for the scheme every week and currently have 19 large developers and over 190 smaller developers signed up.

**Q: What % of the overall new build market do Help to Buy (Scotland) sales represent?**

A: Help to Buy sales represent 45% of new build sales under £200k, just under 20% of all new build sales and 2% of all house sales in Scotland.

## Additional information

### **Differences between English and Scottish schemes**

Help to Buy (Scotland) was developed to be suitable for the Scottish market and has some differences from the English shared equity scheme:

- Unlike the English scheme the Scottish scheme does not have any interest charges after the first 5 years;
- The Scottish scheme only offers up to 15% equity – the English scheme offer up to 20%.
- The Scottish scheme has a price ceiling of £200,000 - the English scheme has a ceiling of £600,000 (although regional price caps will be introduced in 2021);
- The Scottish scheme allows individuals to buy out the Government's equity share in minimum 5% blocks whilst the English scheme allows only minimum 10% purchases; and
- The Scottish scheme has a ring-fenced Smaller Developers scheme.

## PLANNING FEES AND PERFORMANCE

### Top Lines

- On 18<sup>th</sup> December 2019 we published a consultation on updating the planning performance and fee regimes. The consultation closes on 14<sup>th</sup> February 2020.
- This was a key action identified in our work programme which was published in September 2019.
- Scottish Ministers remain committed to the principle that any increases to planning fees must be linked to improved performance.

### **Consultation paper**

This consultation paper proposes and seeks views on:

- a new approach to how the performance of planning authorities is measured;
- the role of the National Planning Improvement Co-ordinator;
- a new structure for the planning fee regime;
- the introduction of additional services which authorities can charge for;
- the ability to waive or reduce planning fees in certain circumstances;
- the introduction of a fee for applying for listed building consent;
- the introduction of an Enhanced Project Managed Application process; and
- charging for appealing a planning decision.

The paper proposes increasing fees or changing the way that the fee is calculated in most circumstances. The key changes are highlighted below.

- Increase the maximum planning fee to £150,000 (from £125,000) in most cases
- For residential applications, cost per individual house will increase to £600 for the first 10 units, £450 per unit 11-49 units and £250 per unit up to the maximum of £150,000 – previously £401 per unit 1-49 houses, £200 per unit thereafter up to £125,000.
- Seeks views on the types of additional services which an authority can charge for and the circumstances where an authority could waive or reduce the planning fee.
- Seeks views on the introduction of fees for appealing planning decisions.

### **Background Resources**

- Research conducted by the RTPI indicates that there has been significant reductions in planning authority budgets and staffing during the past decade.
- Heads of Planning Scotland research into costing the planning service in Scotland showed that in relation to fee income that the fees collected do not meet the costs of determining applications (65.6%)
- Heads of Planning Scotland research into the impact in the first 12 months of the increase of the maximum planning fee to £125,000 in 2017 showed that:
  - £4,218,242 additional fee income was generated across Scotland
  - Varying impact across Scotland
  - 10 councils reinvested uplift income totalling £1,412,018. (33% of overall uplift)

## Q&A

### **Q: Why are you consulting on fees now?**

**A:** The current Planning Fee Structure is over 25 years old and doesn't reflect the scale and nature of developments now coming forward. We are also conscious that planning authorities are under increasing financial pressure and have seen significant cuts to budgets and staff resources over recent years. We believe the planning system needs to be appropriately resourced to deliver on our ambitions.

### **Q: Fees in some cases have increased substantially, how can that be justified?**

**A:** In most circumstances planning fees have increased. Research has shown that planning fees only cover 63% of the cost of determining the application therefore the proposed changes seek to redress that. The proposed figures have been published to help generate discussion. However, we will need to carefully balance increasing resources for Planning Authorities with ensuring that Scotland remains an attractive place to invest and do business.

### **Q: Why are you consulting on charging for appeals?**

**A:** We have previously consulted on charging for appeals in 2016 which showed there was broad support from Civic Society, however, following the discussions during the passage of the Planning Act about rights of appeal and resourcing of public services we consider that is an appropriate time to take another look at this.

### **Planning Performance Statistics - Housing**

Year	Major		Local	
	Total Applications	Average timescale	Total Applications	Average timescale
2013/14	147	69.9	5,762	15.2
2018/19	98	35.1	4648	12.3

### **Legal Agreements – All Applications**

Year	Total Number of Applications	Average Time
2018/19	404	36.7

### **Processing agreements – All Applications**

Year	Total	Success
2018/19	2,716	75.3%

### **Approval Rate – All Applications**

2018/19	35,396	93.7%
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**NEW-BUYER HOMES (BUYER PROTECTION) (SCOTLAND) BILL**  
**New-Build Homes – Consumer Redress (Quality)**

**Top lines**

- **People, quite rightly, want their homes to high quality and be assured that any problems will be resolved quickly and easily.**
- **Want to see the system strengthened to ensure buyers can purchase new-build homes with confidence - this is essential if we are to meet increasing demand.**
- **Working with the UK Government to explore how the proposed New Homes Ombudsman might operate on a UK basis and welcome the new industry code.**
- **Continue to follow Graham Simpson MSPs proposal for a Members Bill with interest.**

**[redacted]**