Key messages

Modernising the planning system

AUDIT SCOTLAND

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He is independent and not subject to the control of any member of the Scottish Government or the Parliament.

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The following bodies fall within the remit of the Auditor General:

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• government agencies, eg the Scottish Prison Service, Historic Scotland
• NHS bodies
• further education colleges
• Scottish Water
• NDPBs and others, eg Scottish Enterprise.

The Accounts Commission

The Accounts Commission is a statutory, independent body which, through the audit process, requests local authorities in Scotland to achieve the highest standards of financial stewardship and the economic, efficient and effective use of their resources. The Commission has four main responsibilities:

• securing the external audit, including the audit of Best Value and Community Planning

• following up issues of concern identified through the audit, to ensure satisfactory resolutions

• carrying out national performance studies to improve economy, efficiency and effectiveness in local government

• issuing an annual direction to local authorities which sets out the range of performance information they are required to publish.

The Commission secures the audit of 32 councils and 45 joint boards and committees (including police and fire and rescue services).

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

Key messages

Background

1. The planning system provides the framework for deciding how land is used, how communities take shape and how new developments look and work. It has to balance economic, environmental and community priorities and is central to achieving the Scottish Government's goal of sustainable economic growth.

2. The Planning etc. (Scotland) Act 2006 (the 2006 Act) started a modernisation programme to change the way the whole planning system works and the way that everyone involved in planning engages with it. Modernisation aimed to make the system more efficient and effective; more encouraging and enabling of development; and easier to understand.

3. There are two main parts to the planning system in Scotland:

- **Development planning** sets out long-term plans for an area's development and provides the basis for making decisions about planning applications.

- **Development management** determines whether to grant individual applications for planning permission, either by deciding applications or through subsequent appeals, and makes sure development is carried out correctly and takes action where it is not.

4. This performance audit aimed to assess whether recent reform and modernisation of the planning system is making it more economic, efficient and effective. We evaluated the overall progress made by public bodies in modernising the

planning system and the impact that modernisation is having on councils' performance in managing planning applications. The private sector also has a role to play in the planning system but we did not look at this.

5. This audit focuses on the main public sector bodies that are involved in the planning system:

- Scottish Government.

- Six key agencies: Architecture and Design Scotland, Historic Scotland, Scottish Environment Protection Agency, Scottish Natural Heritage, Scottish Water, and Transport Scotland.[1]

- Four strategic development planning authorities: Aberdeen City and Shire, Glasgow and Clyde Valley, SESplan, and TAYplan.[2]

- Thirty-four planning authorities: 32 councils and two national park authorities (Cairngorms National Park Authority and Loch Lomond & The Trossachs National Park Authority).

Key messages

1 The Scottish Government, key agencies and planning authorities have made progress in modernising the planning system and are working better together. However, more progress is needed to realise the full potential of modernisation.

6. The Scottish Government has provided leadership in modernising the planning system. It has a clear vision for how the planning system should work; the key agencies and planning authorities understand its priorities and how it expects

these to be achieved. It has led the modernisation agenda at a strategic level and ensured support among stakeholders by engaging with them and by being responsive to their feedback (see paragraphs 22 and 23 in the main report).

7. Despite leading the modernisation programme, the Scottish Government has not set out how it will evaluate whether it is achieving its aims or whether planning is making a greater contribution to achieving sustainable economic growth. The Scottish Government's aim of making the planning system more efficient focused on speeding up the time taken for development to happen. Modernisation also presented an opportunity to make financial efficiencies through improved processes and public bodies need to focus on achieving these.

8. Before modernisation, the key agencies did not regularly work together. In 2008, this changed when a key agencies group was set up. This provided a forum to identify new approaches for working together, and with planning authorities, and to identify areas and actions for improvement.

9. All the key agencies have either reviewed or restructured their processes for working with developers and planning authorities. Planning authorities and key agencies have mixed experiences of working with each other. Planning authorities report inconsistencies in the advice given by key agencies, while key agencies report variation in how willing planning authorities are to engage with them (see paragraphs 26 to 37 in the main report).

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1   The six key agencies are involved in development planning and development management at the national, regional and local levels. A number of other public bodies including Forestry Commission Scotland, Crofters' Commission, Highlands and Islands Enterprise, Scottish Enterprise, regional transport partnerships and NHS boards also contribute to the planning system. Their involvement is largely determined by geography or policy area.

2   TAYplan covers Angus, Dundee City, part of Fife, and Perth & Kinross Councils. SESplan covers the City of Edinburgh, East Lothian, part of Fife, Midlothian, Scottish Borders, and West Lothian Councils.

10. A central aim of modernisation was for the National Planning Framework and new strategic and local development plans to set the context for all planning activities and decisions. Progress in developing strategic and local development plans has been slower than expected. As at May 2011, planning authorities intend to publish all development plans by 2014. However, almost two-thirds of planning authorities have already had to delay the planned dates for publication (see Exhibit 5 in the main report).

11. Delays in finalising strategic and local development plans make it more difficult for planning authorities and key agencies to make consistent decisions about individual development proposals. To achieve a plan-led system, there must be better progress in producing strategic and local development plans.

12. The Scottish Government expected planning authorities to make more effective use of delegated decision-making powers. This was intended to allow elected members to focus on more complex or sensitive applications. Our review of planning schemes of delegation indicates that the scale of delegation varies among planning authorities. In some planning authorities, the majority of decisions are delegated to planning officers while in others, elected members are more involved (see paragraphs 50 and 51 in the main report).

13. There have been delays in introducing general and householder permitted development rights, a key part of the modernisation programme. These will set out when planning permission is no longer needed. The Scottish Government predicts that householder permitted development rights will reduce the total number of applications by eight per cent. It is likely that full permitted development rights will not be in place before early 2012, three years later than expected.

14. ePlanning, a national web-based system to provide planning information, submit and receive planning applications and provide a portal for new development plans and consultation, was introduced in 2009. The Scottish Government and its partners expect it to improve the planning system by reducing the time taken to administer and process applications and providing the general public with greater access to information about developments in their area (see paragraphs 58 to 66 in the main report).

15. In 2009/10, 27 per cent of planning applications were submitted online. This is significantly higher than the Scottish Government target of six per cent.

16. ePlanning provided an opportunity for planning authorities to review or change their processes and identify new or improved ways of working. Some authorities have done this. For example, Scottish Borders Council and Loch Lomond & The Trossachs National Park Authority carried out exercises to identify improvements and streamline activities.

17. The Scottish Government developed a model to assess the financial savings for each application made online. It does not include the wider aspects of ePlanning. Between 2009/10 and 2010/11, the Scottish Government calculates that £2.2 million has been saved nationally through ePlanning. However, there are no plans to carry out a wider evaluation of the impact of ePlanning on all users or to assess efficiency savings across the whole of the planning system.

18. Planning authorities must seek communities' views in shaping strategic and local development plans and must ensure the public are consulted about new developments. Community councils are statutory consultees in the planning process. However, the level of engagement between authorities and community councils varies.

19. Some planning authorities told us they are concerned that community councils do not have the capacity to contribute fully to the planning system. With increasing demands being placed on community councils by the planning system, planning authorities must consider how best to support and engage with them and with the wider community.

> **2** Despite modernisation and falling numbers of applications, few councils are performing well against timescales set for processing planning applications. However, time is only one indicator of performance and a more comprehensive performance measurement framework is needed. The Scottish Government and Heads of Planning Scotland are working together to develop a new framework for measuring and reporting performance.

20. In 2009/10, planning authorities received 40,495 applications for planning permission. Councils received 99 per cent of these. Loch Lomond & The Trossachs National Park Authority received 325 applications and the Cairngorms National Park Authority received 51.[3]

21. Between 2004/05 and 2009/10, the total number of planning applications fell by 29 per cent. The decline was more marked after 2007/08, which may be a result of the economic downturn. Twenty-nine councils had a decrease in applications between 2004/05 and 2009/10. The scale of the reduction varies from 15 per cent in Perth & Kinross Council to 52 per cent in Argyll & Bute Council. The other three councils had an increase in applications.

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3   Loch Lomond & The Trossachs National Park Authority operates on the same basis as councils. Cairngorms National Park Authority operates on a different basis as it does not receive planning applications directly, but determines relevant applications which have been made to the councils within the park boundaries.
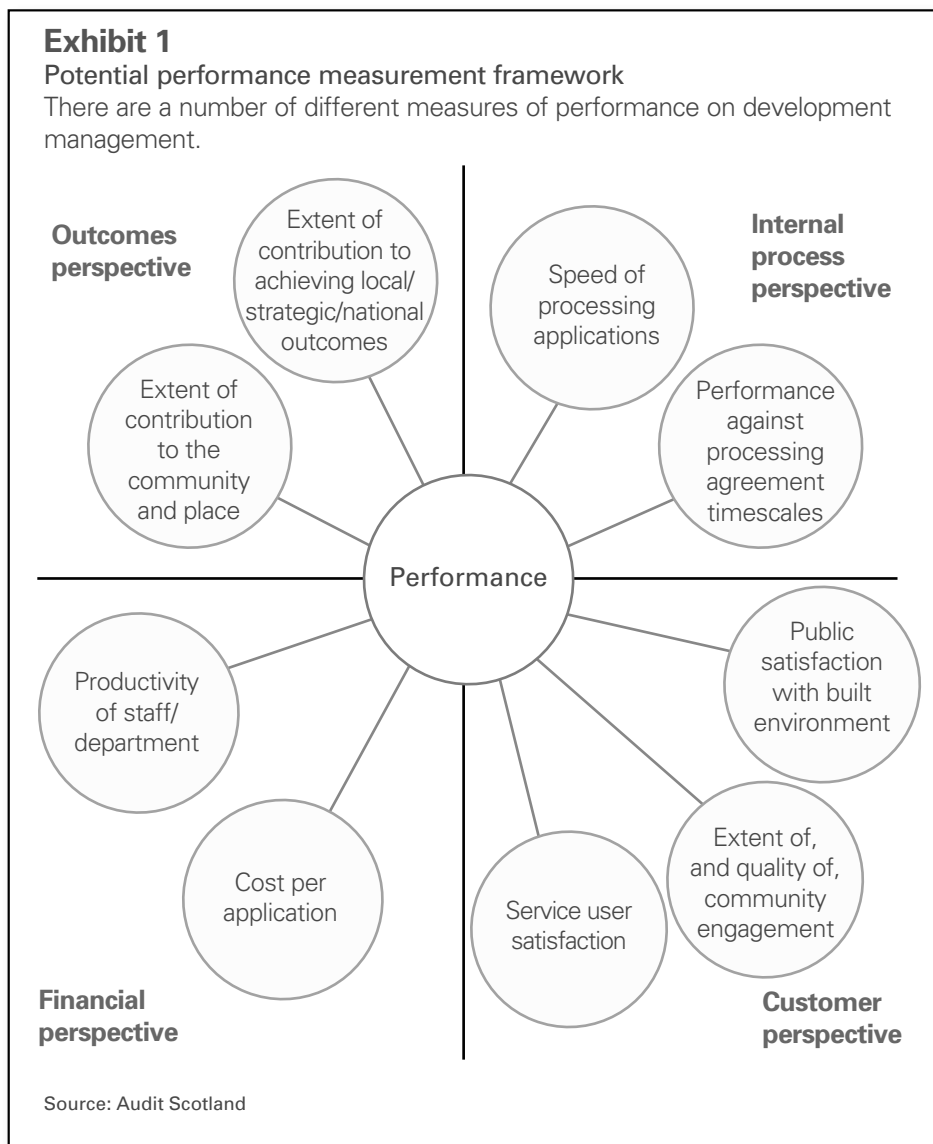
22. In 2009/10, the number of planning applications received ranged from 276 in Clackmannanshire Council to 3,589 in Highland Council. Five councils – Aberdeenshire, City of Edinburgh, Fife, Glasgow City and Highland – received over 40 per cent of all applications.

23. In 2009/10, 98 per cent of applications for planning permission were for local developments, of which almost half were from householders. Two per cent were for major developments. The proportion of applications for householder, local and major developments varies across councils. Although major developments represent a small proportion of total applications received, they vary in size, type and complexity and can account for a large proportion of planning officers' workload.

24. Overall, users of the planning system (householders who make applications, agents, businesses, and developers) are satisfied with the planning application process. Twenty-eight per cent say they are very satisfied and 49 per cent are fairly satisfied.

25. The time taken to assess a planning application is one indicator of performance. Before modernisation, targets for the percentage of applications assessed within two months for local applications and four months for major applications were in place. These targets are no longer used by the Scottish Government.

26. Over the past six years, performance in deciding local applications within two months has remained constant. In 2009/10, 65 per cent of local applications were decided in two months compared with 63 per cent in 2004/05. In the second half of 2009, the period immediately after modernisation, performance in deciding major applications declined, with only 30 per cent of major applications decided in four months. This compares with 45 per cent in the first half of 2009. However, this may be partly due to changes in the definitions

Exhibit 1
Potential performance measurement framework
There are a number of different measures of performance on development management.

Source: Audit Scotland

for applications (see paragraphs 79 to 81 of the main report).

27. Although time taken to assess an application is important, it represents only one indicator of planning authorities' performance. In particular, it does not reflect the complexities of a proposed development and the decision-making process. For example, a development that is considered contentious may involve a lot of work in dealing with community concerns and objections; there may be specific assessments carried out or it may be complex in terms of size and scale.

28. A new performance framework that covers areas such as resources, users and processes, would give

a wider view of performance and enable greater benchmarking among planning authorities (Exhibit 1). The Scottish Government, COSLA and Heads of Planning Scotland are working together to develop a new framework for measuring and reporting planning authorities' performance that gives a wider view of performance. This is currently being piloted in five authorities.

29. Councils' ability to improve performance may be affected by reductions in staff numbers. Between 2008 and mid-2010, 177 planning staff left (seven per cent), 75 per cent of whom were professional planners. We have not looked at the extent of further reductions in staff numbers since mid-2010.

Exhibit 2
Income, expenditure and number of planning applications, 2004/05 to 2009/10
The gap between income from planning fees and expenditure on planning applications is increasing.

- Total expenditure on planning applications
- Income from planning fees
- Number of planning applications
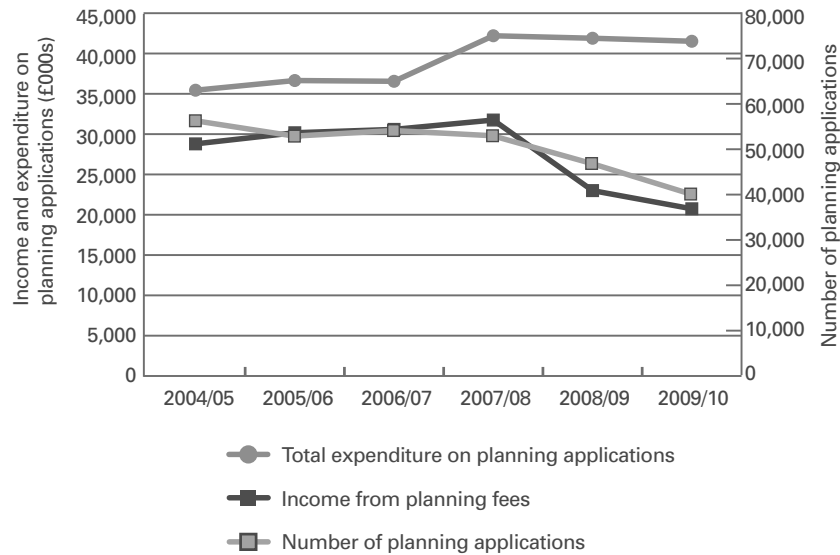
Note: Figures are in real terms.
Source: *Local Government Financial Return*, Scottish Government, 2004 to 2010

3 The funding model for processing planning applications is becoming unsustainable. The gap between income and expenditure is widening, leading to greater dependence on already constrained council budgets.

30. In 2009/10, councils spent £105.5 million on planning. They spent £50.9 million on development planning and £54.6 million on development management. Over three-quarters of spend on development management (£41.5 million) was spent on processing 40,119 planning applications. The remaining £13.1 million was spent on other development management activities such as pre-application engagement with developers and key agencies, handling appeals and enforcement action.

31. Between 2004/05 and 2009/10, the total number of planning permission applications fell by 29 per cent. However, over the same period total spend on handling planning applications increased from £31.3 million to £41.5 million – a 17 per cent real terms increase. The reasons for this increase are not fully clear.

32. Income from fees has fallen in the last six years by 28 per cent in real terms, in line with the falling number of applications. With fewer major applications, there are also fewer opportunities for attracting larger fees.

33. Over the six years to 2009/10, the gap between income and expenditure has increased in real terms from £6.7 million to £20.8 million (Exhibit 2). In 2009/10, income from planning fees contributed only 50 per cent to expenditure on processing planning applications, compared with 81 per cent in 2004/05. The balance has to be met from councils' budgets, which are already under increasing pressure both from rising demand and increasing costs (see paragraphs 104 and 105 in the main report).

34. Setting realistic planning fees is limited by the lack of accurate cost information. Councils have little or no information about the cost of processing planning applications. Understanding costs is a necessary first step in identifying where efficiencies can be made to reduce expenditure. Staff time is the main cost associated with processing planning applications or other development management activities. However, councils do not have accurate information about time spent on processing planning applications and there is little evidence of time recording systems being used to capture this.

Key recommendations

The Scottish Government should:

- evaluate the modernisation programme and ePlanning to assess whether they are achieving their aims and objectives

- evaluate whether the planning system is contributing to sustainable economic growth

- set out a clear timetable for the introduction of new regulations and guidance for permitted development rights

- consider replacing the four-month timescale for deciding major applications and work with planning authorities to agree a new way of assessing performance for these applications as part of a new performance measurement framework for development management

- consider including a measure of performance of the planning system in Scotland's national performance framework

- clarify what activities planning fees cover, taking account of new activities that were

introduced by modernisation and created additional costs for councils.

Councils and national park authorities should:

- review their schemes of delegation to ensure the decision-making process is as efficient as possible

- work with the Scottish Government to monitor use of ePlanning and quantify efficiency savings

- ensure processes are in place to enable and support better and more creative engagement with community councils and the wider community

- ensure they use a project planning approach for managing major applications and agree key milestone stages and dates with applicants and key stakeholders

- continue to work together, and with the Scottish Government, to develop a new comprehensive performance measurement framework that clearly links planning activities with national outcomes

- collect, monitor and report data on the cost of development planning and development management to help inform the setting of planning fees and to help make decisions on how resources can be used effectively. This should include information on staffing and time spent on development planning and development management, broken down by activity. It should also include other costs such as legal, committee and specialist support services provided by other parts of the council or national park authority.

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