

Modernising the planning system

Impact report

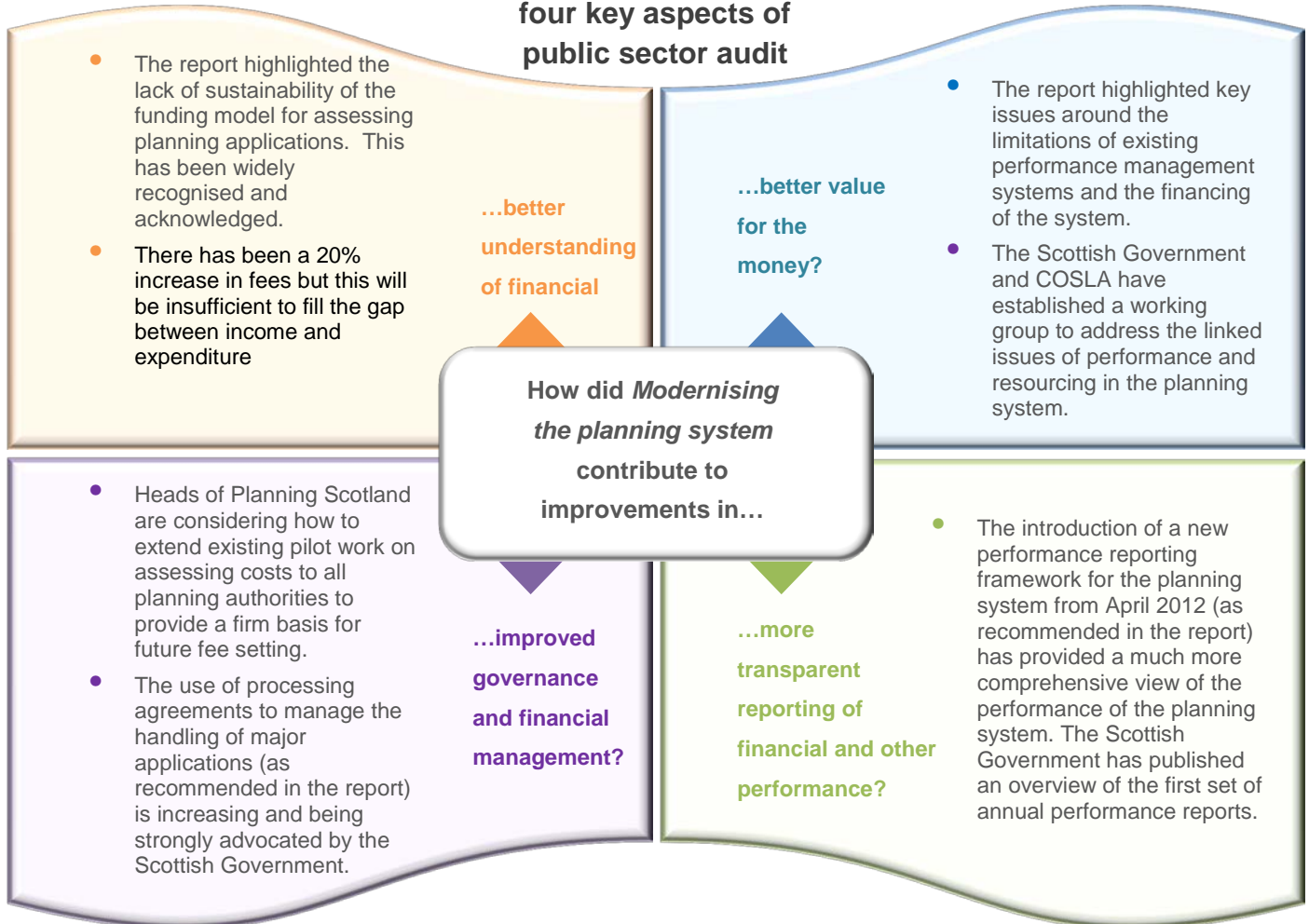
Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held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

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Summary of overall progress

Contribution to the four key aspects of public sector audit



Introduction

1. This report assesses the impact made by the joint Accounts Commission/Auditor General for Scotland performance audit, "*Modernising the Planning System*" which was published in September 2011.¹ The report examined progress in reforming and modernising the planning system and assessed whether it is more economic, efficient and effective. It evaluated the impact that modernisation is having on councils' performance in managing planning applications.
2. The key messages in the report were:
 - 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.
 - Despite falling numbers of applications and modernisation, few councils are performing well against timescales set for processing planning applications. As time is only one indicator of performance, 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.
 - 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.
3. The key recommendations in the report were that:
 - The Scottish Government should:
 - consider replacing the four-month timescale for deciding major applications and work with planning authorities to agree a new way of assessing performance for major applications as part of a new performance measurement framework for development management
 - be clear about what activities the planning fees cover and take account of new activities that were introduced by modernisation that created an additional cost for councils.
 - Councils and national park authorities should
 - 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 costs, staff and activity levels to help inform setting of planning fees and to help make decisions on how resources can be used

¹ The report is available from the Audit Scotland website at: http://www.audit-scotland.gov.uk/docs/central/2011/nr_110915_modernising_planning.pdf

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

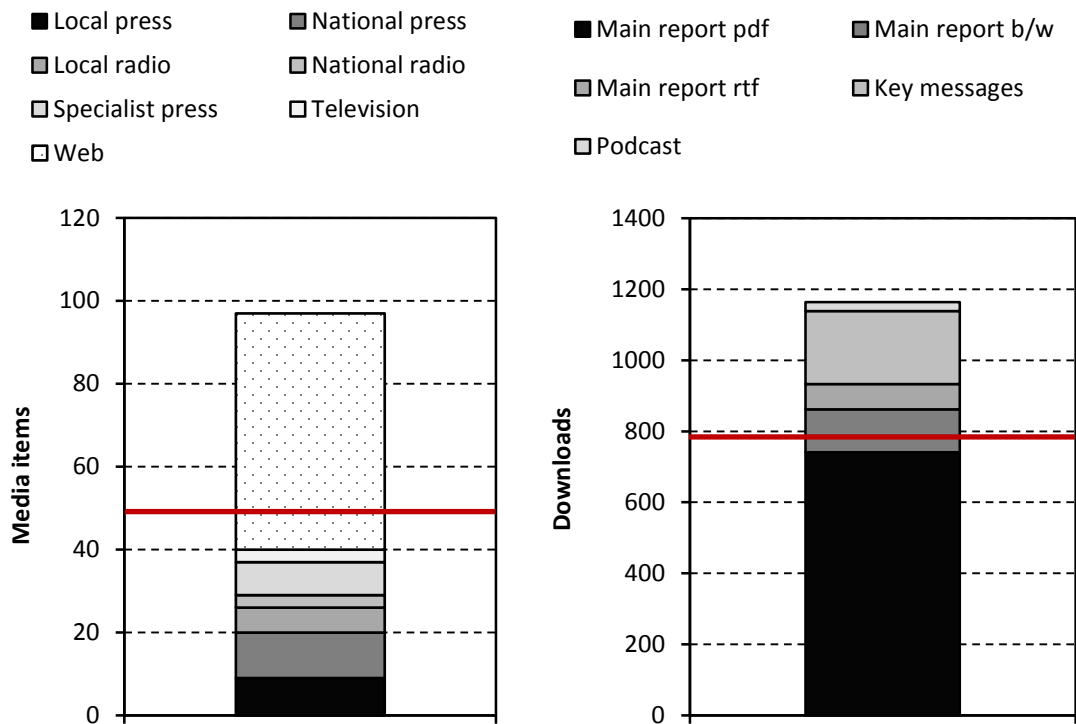
Raising awareness and communication of key messages

4. Media coverage and report downloads from Audit Scotland’s website are summarised below (Exhibit 1).

Exhibit 1

Media coverage and downloads of the *Modernising the Planning System* report

This report had most double the average amount of media coverage and an above average number of downloads



Source: Audit Scotland

5. Following publication, members of the audit team gave presentations to:
- A Scottish Government/COSLA meeting of the conveners of all planning committees
 - Homes for Scotland's (the representative body of house builders) planning policy committee
 - A meeting of Heads of Planning Scotland hosted by the Scottish Government
 - Fife Council's Planning Committee.

Parliamentary scrutiny

6. The Auditor General presented the report to the Public Audit Committee on 5 October 2011. The main focus of the Committee's questioning surrounded the financing of the planning system and the report's conclusion that the funding model for processing planning applications was increasingly unsustainable. Following the briefing, the Committee sought additional information from Audit Scotland and the Scottish Government.
7. In response to the Committee's request, Audit Scotland provided detailed information on:
 - income and expenditure on development management (assessing planning applications) by councils over the previous four years
 - balance of expenditure between development planning and development management by councils over the previous four years
 - the use of ePlanning (electronic planning application submission) by councils.
8. The Committee asked the Scottish Government to comment on the report in the context of the gap between income and expenditure and the report's proposals on a more balanced approach to assessing planning authorities' performance. The Committee noted the responses on 9 November 2011 and took no further action.

Impact on Scottish Government policy

9. Since publication of the report, there has been a significant amount of Scottish Government, key agency (statutory consultees in the planning system) and planning authority activity.² Much of this is noted in the [Appendix](#) which outlines progress against each of our recommendations. However, there are two key areas to highlight.

Performance measurement

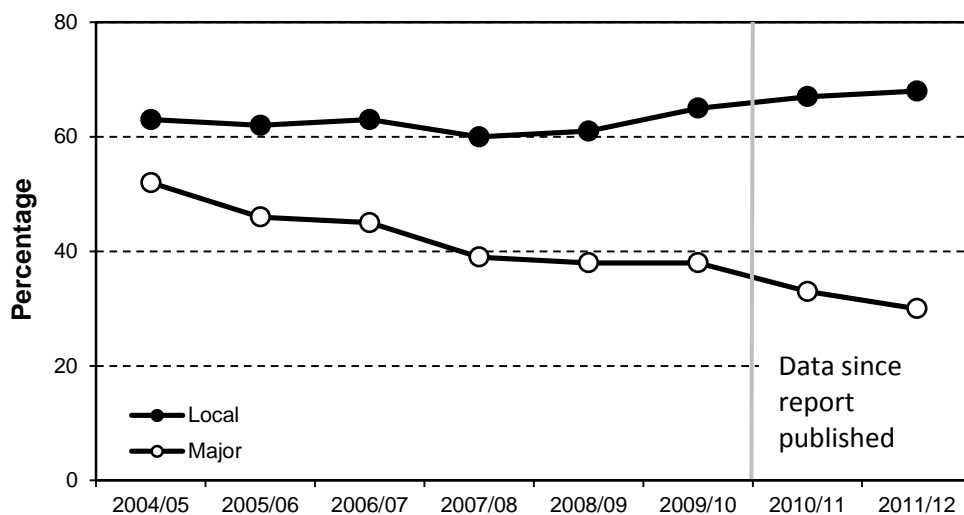
10. Historically, the performance of planning authorities was measured against targets for the time taken to assess planning applications. Planning authorities were expected to assess smaller, local planning applications in under two months and larger, major planning applications in less than four months. Between 2004/05 and 2009/10, there had been a marginal improvement against the two month measure - from 63 per cent to 65 per cent but a decline in performance against the four month measure - from 52 per cent to 38 per cent. More up-to-date data published since the report was published indicated that this trend had continued ([Exhibit 2, overleaf](#)).

² The statutory consultees who form the key agencies group are: Architecture and Design Scotland, Historic Scotland, Scottish Environment Protection Agency, Scottish Natural Heritage, Scottish Water and Transport Scotland.

Exhibit 2

Percentage of planning applications processed in <2 months (local) and <4 months (major)

Planning authorities' performance in assessing major applications continued to deteriorate



Source: Scottish Government

11. In April 2012, the Scottish Government and planning authorities changed how the performance of the planning systems was assessed. The new planning performance framework - developed jointly by the Scottish Government and Heads of Planning Scotland - reflected the recommendation in the report that a more comprehensive view of performance should be developed rather than just a singular focus on speed of decision-making (although average time taken to assess a planning application was retained).³ This framework contained a suite of quantitative headline indicators that covered both development planning and development management, narrative sections that gave a more qualitative assessment of the planning authorities' performance - including quality of development, enforcement activity, public engagement, people management and governance arrangements.
12. Planning authorities' performance reports for 2012/13 will be submitted in autumn 2013 with the Scottish Government's assessment of them scheduled for February 2014.

Resourcing

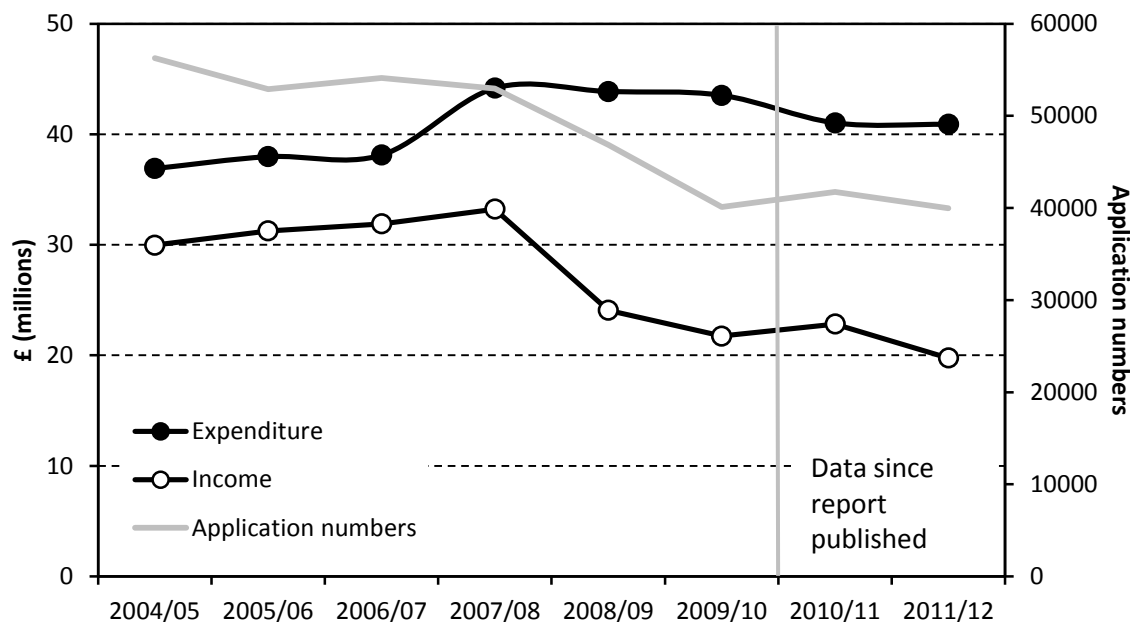
13. One of the key findings of the original report was the unsustainability of the funding model for the planning system, Exhibit 14 (page 32) in the report illustrated the increasing gap between income from planning fees and expenditure on assessing planning applications. More up-to-date data demonstrates that this gap has remained, although it has perhaps stabilised (Exhibit 3). This was the aspect of the report which has had the most impact being widely quoted and cited.

³ The Planning Performance Framework, Heads of Planning Scotland, March 2012. Available at: <http://www.scotland.gov.uk/Resource/0039/00390612.pdf>

Exhibit 3

Income, expenditure and number of planning applications, 2004/05 - 2011/12

Since publication of the report, the gap between income and expenditure has remained



Source: Scottish Government

14. In April 2013, the Scottish Government increased planning fees by 20 per cent. While this may reduce the gap between income and expenditure and has been welcomed by planning authorities, it will not eliminate it.
15. Major challenges remain among planning authorities about understanding the costs of handling planning applications but resolving these are key to establishing a funding model for assessing planning applications that can enable effective cost recovery. Heads of Planning Scotland have completed some pilot work on costs of handling different types of planning application which indicates that the costs of assessing smaller applications is higher than previously thought and that costs for major applications are very variable.⁴ Heads of Planning Scotland are currently considering how to extend this pilot work with a view to developing a consistent method of assessing costs that can apply across planning authorities.
16. There are two other ongoing developments that link together the two issues highlighted here of performance and resourcing:
 - the Regulatory Reform (Scotland) Bill, currently being considered by the Scottish Parliament, contains provisions to give powers to Scottish Ministers to vary the fees that individual planning authorities can charge depending on their performance.

⁴ Cost of processing planning applications, Scottish Government, January 2013.

- the Scottish Government, COSLA, Heads of Planning Scotland and other stakeholders formed a joint working group in January 2013 to find ways of improving planning authorities' performance.

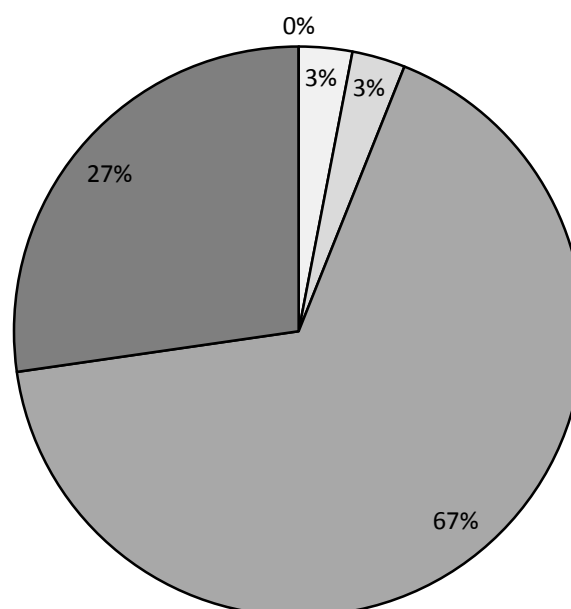
Local impact

17. Impact returns were sought from the auditors of all 32 councils, the five key central government agencies, the two national park authorities and the Scottish Government and 35 responses (85 per cent) were received. The assessment of the impact that the report has had is illustrated in [Exhibit 1](#) below.

Exhibit 2

Auditors' assessment of impact of the *Modernising the planning system* report

- Limited relevance - therefore had little or no direct impact on this body
- Relevant - the body has taken insufficient account of it so far
- Relevant - the body feels it does not help it to make improvements
- Assisted the body in seeking constructive improvements to aspects of its work, although the final impact is uncertain at this time or significant change appears unlikely
- Prompted or contributed to measurable changes in some important aspects of the body's work



Source: Audit Scotland

Conclusion

18. Overall, the report has had a positive impact and added impetus to the ongoing reform of the planning system. There has been progress in implementing a number of the recommendations in the report. The report's comments about the sustainability of the funding model that underpins the development management side of the planning system have been particularly influential and widely referenced. While there has been some activity to improve understanding of the costs of assessing planning applications, this is the area where the least progress has been made.
19. The report could merit a follow-up audit given:

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- the limited progress, to date, in improving understanding of the costs of assessing planning applications, which is an essential pre-requisite for any more fundamental overhaul of the funding model for the planning system
 - the importance of the planning system to the achievement of sustainable economic growth

Appendix - Progress against recommendations

	Recommendation	Progress
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The **Scottish Government** should:

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| 1 | <ul style="list-style-type: none">• evaluate the modernisation programme and ePlanning to assess whether they are achieving their aims and objectives | <ul style="list-style-type: none">• The Scottish Government has not conducted an overall evaluation of the modernisation programme against all its original aims and objectives. However, it has published two documents that collectively assess progress against the key elements of the reform programme – a planning performance annual report (published in February 2013) and Planning reform: next steps (published January 2013). ePlanning was an existing programme outside of the core modernisation agenda and commentary about progress in developing ePlanning is made below. |
| 2 | <ul style="list-style-type: none">• evaluate whether the planning system is contributing to sustainable economic growth | <ul style="list-style-type: none">• The Scottish Government has not undertaken an explicit evaluation of the contribution of the planning system to economic growth. |
| 3 | <ul style="list-style-type: none">• work with strategic development authorities and planning authorities to plan and manage the submission of strategic and local development plans, to minimise further delays and avoid a bottleneck of plans at examination stage | <ul style="list-style-type: none">• Twenty-eight planning authorities report that their local development plan scheme is on track while five report slippage (there were 33 reports from planning authorities). Evidence from the Scottish Government suggests that there has been no major bottleneck created at the examination stage.• One of the key themes of planning modernisation agenda was for the system to be plan led and for local development plans to be much more up-to-date than had historically been the case. The planning performance annual report shows that at the start of 2013, over half (59 per cent) of local development plans were less than five years old. This contrasts with the position in 2006, when over three-quarters of local developments were older than five years old. |

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| 4 | <ul style="list-style-type: none">• set out a clear timetable for the introduction of new regulations and guidance for permitted development rights | <ul style="list-style-type: none">• The Scottish Government introduced permitted development rights for householders in February 2012. These enable some changes to domestic properties to be made without the need for a planning applications. Similar rights for non-householder developments will be introduced during 2013.• More widely, the Scottish Government’s website contains a reform monitoring table that sets out timescales for each element of the modernisation programme.. |
| 5 | <ul style="list-style-type: none">• work with planning authorities to monitor use of ePlanning and quantify efficiency savings | <ul style="list-style-type: none">• The Scottish Government monitors the use of planning applications submitted electronically through the ePlanning website. In our report, we noted that over a quarter (27 per cent) of planning applications were submitted online. This number has continued to rise and in Q2 of 2012/13 (most recent data), 47 per cent of planning applications were submitted online – ranging from 16 per cent in Shetland Islands to 73.2 per cent in Highland (full data given below against recommendation #19).• We have no information as to whether planning authorities or the Scottish Government are quantifying efficiency savings from ePlanning. |
| 6 | <ul style="list-style-type: none">• consider replacing the four month timescales 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 | <ul style="list-style-type: none">• The Scottish Government has removed the four month timescale for deciding major applications with the emphasis now on average timescale and project planning. The planning performance framework now requires planning authorities to report:<ul style="list-style-type: none">– the percentage of applications subject to pre-application advice– the number of major applications subject to processing agreement or other project plan– percentage planned timescales met– average number of weeks to decision. |

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| 7 | <ul style="list-style-type: none">• consider including a measure of performance of the planning system in Scotland's national performance framework | <ul style="list-style-type: none">• Scotland Performs does not contain an indicator based on the performance of the planning system. The draft Scottish Planning Policy published in April 2013, does, however, stress the linkages between planning outcomes and national outcomes. |
| 8 | <ul style="list-style-type: none">• clarify what activities planning fees cover, taking account of new activities that were introduced by modernisation which have created additional costs for councils | <ul style="list-style-type: none">• In 2012 the Scottish Government consulted on planning fees. Following the consultation, a group jointly chaired by the Minister for Local Government and Planning and COSLA was set up in January 2013 to examine the issue of planning fees and proposals to link performance with wider reform of planning fees. An initial 20 per cent increase in planning fees was announced by the Minister in December 2013 and took effect from April 2013. |
| 9 | <ul style="list-style-type: none">• work with planning authorities to agree an appropriate fee structure that covers authorities' costs in processing planning applications | <ul style="list-style-type: none">• See recommendation #26 below. |

The **key agencies** should:

- 10 • ensure the approach being taken and advice given by officers is consistent
 - The key agencies group meets bi-monthly to discuss the modernisation programme. The current key agencies action plan contains actions which should improve consistency of approach and advice:
 - continued work with Heads of Planning Scotland to share good practice
 - increasing awareness of the role of key agencies
 - using processing agreements (see below)
 - piloting a streamlined approach to appraisals
 - piloting a joined-up approach to Environmental Impact Assessments

- 11 • collect, monitor and report on their input to development planning and development management, so that the full extent of their involvement in the planning system is known
 - As with planning authorities, key agencies have adopted the national planning performance framework and complete annual assessments against this which is published on the Scottish Government website. These reports set out the involvement each key agency has had in development planning and development management through the year.

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- 12
- work with planning authorities to develop a shared understanding of roles, responsibilities and expectations
 - The key agencies' action plan contains a number of actions aimed at better developing understanding of respective roles. These include:
 - continued work with Heads of Planning Scotland to share good practice such holding a 'lessons learned' sessions
 - Increasing awareness of the role of Key Agencies by developing a video for councillors
 - Findings from a workshop in January 2013 indicates that there is still room to improve understanding of respective roles, for example, the role the key agencies play in the development planning process.

Strategic development planning authorities should:

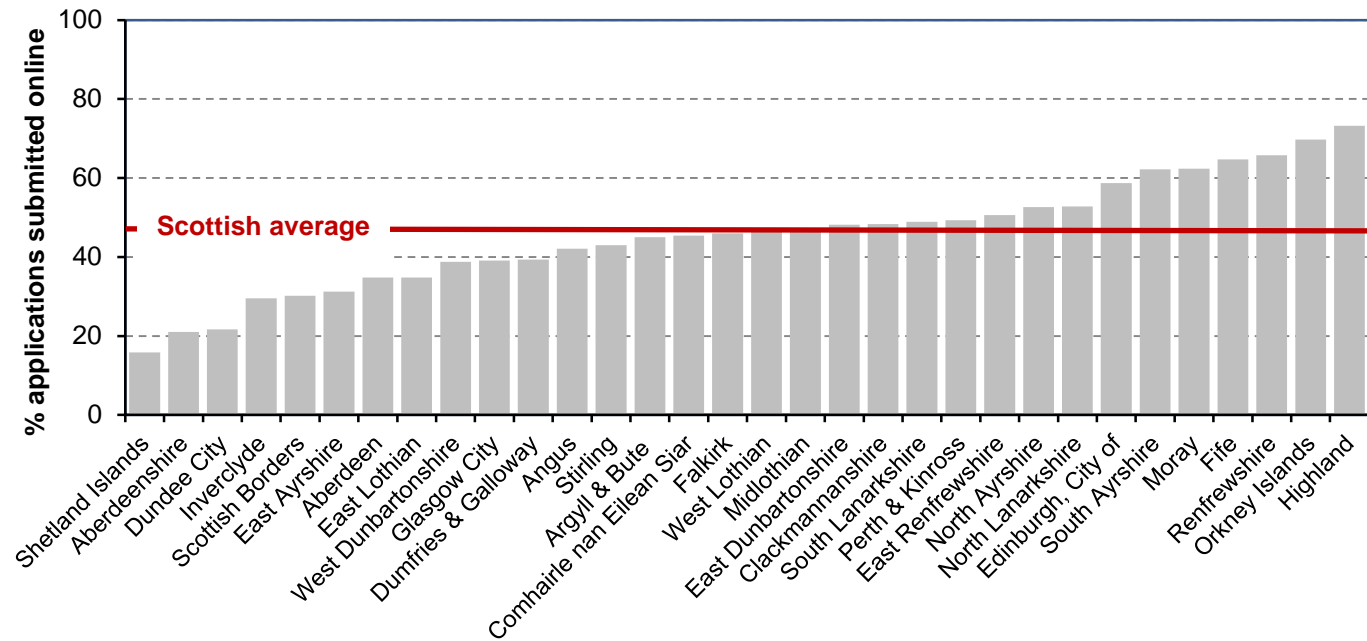
- 13
- monitor progress against key milestones and ensure any delays are minimised
 - All SDPAs are required to publish development plan schemes outlining progress on, and the timetable for their strategic development plans. The most recent schemes were published in March 2013.
 - SDPA meetings are held at regular intervals in each authority, however, only TAYplan has a project plan update item on every meeting agenda. The other three SDPAs do not have a standing agenda item on the progress of their development schemes.
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- agree resource requirements with constituent councils and put in place formal arrangements or protocols to support this
 - We have no evidence to assess progress on this recommendation.

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| 15 | <ul style="list-style-type: none">• work with key agencies to develop a shared understanding of roles, responsibilities and expectations | <ul style="list-style-type: none">• There is little evidence available that progress is being made on this recommendation. The Key Agencies action plan does not make specific reference to SDPAs and individual agency performance reports also make few references to SDPAs.• No evidence could be found that SDPAs have been engaging with key agencies with the specific intention of developing a shared understanding of roles, responsibilities and expectations. |
| 16 | <ul style="list-style-type: none">• ensure processes are in place to enable and support better and more creative engagement with community councils and the wider community | <ul style="list-style-type: none">• The Scottish Government planning circular 1/2009 on Development Planning states that the Scottish Government expects participation statements (a mandatory element of development plan schemes) to “contain a range of innovative techniques and activities for consulting stakeholders”.• However, analysis of SDPA’s current development plan schemes compared with their schemes in 2011 shows little development in terms of the techniques and activities used to engage with stakeholders. |

Councils and national park authorities should:

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| 17 | <ul style="list-style-type: none">• monitor progress against local development plan key milestones and ensure any delays are carefully managed | <ul style="list-style-type: none">• The national planning performance framework requires planning authorities to state in their annual reports whether their local development plan is on track. As noted above, there is reported slippage in five local development plans. Evidence from a key agencies workshop in January 2013 on development planning suggests that planning authorities could improve the project planning and management of their development plans. |
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- 18 • should review their schemes of delegation to ensure the decision-making process is as efficient as possible
 - 19 • promote the benefits of ePlanning to applicants and the general public
- The national performance planning framework report states that 90 per cent of planning applications in 2011/12 were delegated to planning authority staff. However, the report also notes that there is still wide variation between planning authorities, ranging from 72 per cent of applications delegated to 96 per cent delegated. The report further states that only ten planning authorities regularly review their schemes of delegation.
 - As noted above, an average of 47 per cent of planning applications are now submitted through ePlanning. However, there are still significant differences between authorities in levels of uptake among planning authorities (see figure below) and therefore further work needs to be done to promote the benefits and use of ePlanning.



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| 20 | <ul style="list-style-type: none">• work with key agencies to developed a shared understanding of roles, responsibilities and expectations | <ul style="list-style-type: none">• See recommendation #12 |
| 21 | <ul style="list-style-type: none">• should work with the Scottish Government to monitor use of ePlanning and quantify efficiency savings | <ul style="list-style-type: none">• See recommendation #5 |
| 22 | <ul style="list-style-type: none">• ensure processes are in place to enable and support better and more creative engagement with community councils and the wider community | <ul style="list-style-type: none">• In Planning reform: next steps, published in January 2013, the Scottish Government announced funding to Planning Aid Scotland of £36,000 to get young people involved in planning, and £20,000 to deliver pilot projects investigating alternative ways of delivering charrettes (workshops to discuss a planning issue that are available to all stakeholders).• The national planning performance framework requires planning authorities to provide evidence of improvements in service and engagement. There is little evidence, however, that planning authorities have supported better and more creative engagement. |

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- ensure they use a project planning approach for managing major applications and agree key milestone stages and dates with applicants and key stakeholders
 - The national planning performance framework review reports that in 2011/12 only six planning authorities entered into processing agreements with developers. The Scottish Government is actively emphasising the importance of processing agreements and states in the report that they expect stronger commitment to their use. They have also developed a template processing agreement for planning authorities to use (based on that developed by the City of Edinburgh Council).
- 24
- 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
 - A national planning performance framework was developed by Heads of Planning Scotland in conjunction with the Scottish Government and other key stakeholders in 2011/12 and was published in March 2012. All planning authorities are required to use the framework and submit an annual report to the Scottish Government. The key agencies also use the framework. The Scottish Government published a summary of the results of the first round of annual performance reports (for 2011/12) in February 2013.

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- consider benchmarking with each other where they experience similar levels and types of demand for planning activities, and share good and innovative practice
 - No evidence found to assess overall progress on benchmarking. However, there has been a small amount of benchmarking work in six planning authorities on gaining a better understanding of costs in relation to the assessment of planning applications. In relation to the sharing of good practice, there is little evidence that progress is being made. Heads of Planning Scotland meet regularly and the Scottish Government facilitates sharing of good practice through submissions to their website. However, the national report on the planning performance framework by the Scottish Government states that there is limited information that authorities are sharing information and good practice with each other.

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- should collect, monitor and report data on 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
 - The national planning performance framework does not require planning authorities to report on costs and, apart from a small amount of work (see recommendation #25 above) in six planning authorities on sixty applications, there is no evidence found to suggest meaningful progress is being made on this recommendation.

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- should use existing expenditure and income data and historical data in planning applications received, to forecast future demand and resource requirements
 - No evidence was found to assess progress on this recommendation.