

SUBMITTING EVIDENCE TO A SCOTTISH PARLIAMENT COMMITTEE

DATA PROTECTION FORM

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Topic of submission:	Construction and Scotland's Economy - Call for Views

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ECONOMY, ENERGY AND FAIR WORK COMMITTEE
SCOTLAND'S CONSTRUCTION SECTOR INQUIRY
SUBMISSION FROM ROYAL TOWN PLANNING INSTITUTE

Economic impact of the sector

1. How important is the construction sector in Scotland as an economic enabler? If possible, please provide evidence of knock-on multiplier impacts at local, regional and national levels, and explore the impact of the sector on national GDP performance.

Due to its role in determining the best use of land within a jurisdiction, and with land being one of the key economic inputs, planning decisions and the delivery of economic outcomes through creating successful places are inextricably linked. In order to capture the economic value of planning, RTPi has recently published the [Value of Planning toolkit looking to measure planning's impact in Wales](#). According to the tool, granting planning permissions and enabling the completion of developments lifted land values by more than £2.2 billion in 2016/2017, which helped to create a positive investment environment for the economy for the delivery of homes and infrastructure. Conversations have begun with Scottish local authorities wishing to adopt this tool, to better articulate the economic development that their planning departments bring to their localities.

Planning also represents a significant export industry. According to a 2014 UK Trade & Investment (UKTI), UK construction design and planning consultancies generate exports of £2 billion, a figure likely to increase with a 70% growth in the global construction industry forecast by 2025.

2. What are the causes of the sector's productivity challenges? Can you suggest possible solutions?

No comment

3. How effective is Scotland's construction supply chain? Explore areas of gaps, duplication, etc.

No comment

4. What is the future economic outlook and implications of Brexit on the sector?

The uncertainty surrounding Brexit could have an impact on building new homes and infrastructure unless the construction industry can get behind an overarching ambition to attract, train and retain a greater domestic workforce, with skills aligned to more modern ways of working.

[RTPI has published a joint statement with the RICS, CIOB and RIBA on Brexit](#) outlining that the strength of the construction sector relies upon the expertise and skills of our people. As professional bodies we are committed to working with government to broaden access to our professions, ensuring that they are an attractive and welcoming career for people from all backgrounds. It is also essential that the UK built environment continues to act as magnet for the brightest and the best professionals from the EU and across the world.

Brexit could also have significant ramifications for planning schools in Scotland. RTPI Scotland is concerned that findings of the Russel Group Universities have published a report highlighting a 5% drop in EU students applying to study in the UK, sighting uncertainties around Brexit. A no-deal Brexit scenario could result in a further drop of research capacity.

5. The UK Industrial Strategy Challenge Fund and the linked Sector Deal for construction aim to address issues such as improving procurement practices, skills, exports and innovation. How do these impact on Scotland?

Whilst RTPI Scotland supports funding from the UKIS into Scottish companies and projects, it is unclear how the strategy links in with other infrastructure and development strategies. The Industrial Strategy is a UK-wide strategy but many of the means of implementation are matters for governments in the UK other than the Whitehall government. UKIS should be aligned with other Scottish strategies such as the Scottish Government Economic Strategy, Infrastructure Investment Plan, National Planning Framework, National Transport Strategy, and City Region Deals.

Access to finance

6. What are the sources of and barriers to accessing finance in the sector? We would welcome perspectives from all sizes of businesses from micro through to Tier 1.

Planning department have seen significant public sector cuts over the past decade. Between 2009 and 2017 there has been a 25% decrease in planning staff, while over the same period their planning service budgets were cut, in real terms, by 40%. The planning service has received the most significant level of cuts of local government services and Scottish Government's Provisional Outturns and Budget Estimates 2018/19 suggest that only 0.37% of local authority budgets will be spent on development management and development plans. This is a reduction on previous years.

The Planning (Scotland) Bill 2018 is likely to impose an array of new duties on Local Planning Authorities (LPAs) putting additional constraints on LPAs making timely decisions on proposed developments which has an impact on the construction sector. As the Bill currently stands there are 91 new and unfunded duties places on planning authorities and Scottish Government.

7. What are your views on payment terms and payment behaviours across the sector?

No comment

8. How effective is the financial management of large scale infrastructure projects and the mechanisms used e.g. project bank accounts?

An appropriately resourced planning system can significantly reduce the risk of development. The [RTPI Planning Risk and Development report](#) details the financial cost of risk in development, peaking before planning permission is obtained and declining thereafter. Outline planning permission, detailed planning briefs and pre-application consultations allow for more certainty, but need planning departments need resourced effectively to undertake these duties.

RTPI Scotland believes that aligning national targets for infrastructure and the national planning framework will allow for further certainty in the delivery of national infrastructure.

Skills

9. Does the sector's skills planning model allow it to realise its full potential, in terms of attracting talent, meeting skill shortages, preparing for technological change?

The skills planning model sets out a good basis on how the construction sector can be promoted and supported. An updated version may now need published in light of new statistics and changing circumstances, for example Brexit, which could result in significant skills shortage constraints on the whole construction sector.

UK-wide there has been an increase in planning students registered on RTPI accredited courses of 6.7% between 2016-17 and 2017-18. In Scotland however our analysis of planning courses has not highlighted any increases, with a fairly steady number of registered student and graduates over the last 4 years. To ensure that a pipeline of talent is maintained in the planning profession in Scotland stronger action is required.

RTPI Scotland would welcome the support from Scottish Government to raise the awareness of planning as a career in Scottish schools. The RTPI currently does this by providing materials for teachers, including lesson resources and a ['Place Makers' board game](#), which can be incorporated within geography, citizenship, history, design, law, politics and many other classes. This is part of [the RTPI's Future Planners programme](#) which also involves volunteer RTPI Ambassadors raising awareness of the importance of planning in everyday lives and planning as a career. [RTPI Ambassadors](#) promote the profession at careers fairs, schools and events. The RTPI also raises awareness of planning through the [Agent Plan-it radio series](#) and World Town Planning Day competition for schools. Planners at the beginning of their career are supported through bursaries.

In RTPI's recently published [Research Programme for 2019 – 2021](#), a specific area of research has been identified in planning careers. Research is due to be initiated conducted to try and understand why people enter or exit pathways into planning at various stages (e.g school, undergraduate, masters, after graduation, later career), examining what

attracts and alienates potential planners. RTPI would welcome collaboration with Scottish Government and Skills Development Scotland in conducting this work.

10. How does Scotland's apprenticeship system contribute to the sector? Is it doing enough to meet equality challenges in the sector?

There is no current apprenticeship scheme for town planning in Scotland and RTPI Scotland is looking to begin discussions with Skills Development Scotland to explore opportunities on this.

Currently 49% of all planning students in the UK are now female, whilst membership of the institute is 62% male; 38% female. However it should be noted that only 7% of members are BAME. RTPI Scotland believes there is more work to do to encourage the best talents into the profession regardless of background, gender, age or disability and that any apprenticeship scheme could help promote the construction professions to be as diverse as the communities it represents.

Procurement

11. How do public procurement practices and procedures impact on the sector?

Current mechanisms for valuing the costs and benefits of major transport infrastructure projects often fail to capture the true potential effects of such investments. In certain cases land value uplifts offer an untapped potential source of funding that could be used to reduce the public burden of such projects.

12. Do you have any suggestions on opportunities to enhance procurement practices across the sector?

Scottish Government's own procurement process should move away from a price based system to a quality model of assessment. This could include prioritising contracts for SMEs and spatially targeting deprived areas of the country which need the business.

RTPI Scotland welcomes initiatives such as Civtech, which helps connects the public sector with tech start-ups to provide innovative solutions for real challenges. Civtech provides support in selecting proposals then developing solutions in collaboration with stakeholders. The successes from this program highlight, with the correct support, smaller business can be innovative and creative; doing things better and/or faster than larger corporates.

Infrastructure investment

13. Considering the national infrastructure construction pipeline, is the planned pipeline sufficient? And has the sector got to the ability to meet the country's infrastructure needs to drive growth?

RTPI Scotland is strongly of the view that there is a need for a new approach to coordinating infrastructure development with many developments currently facing financing and infrastructure issues. RTPI Scotland warmly welcomes the establishment of the

Infrastructure Commission for Scotland and hopes it can help unlock the infrastructure essential to Scotland's sustainable economic future.

Scottish Government must prioritise its Capital Borrowing Powers to fund much needed housing and its associated infrastructure. To better deliver much needed infrastructure, it is critical that impending creation of the National Planning Framework 4 is aligned with the Infrastructure Investment Plan, City Region deals, Regional Economic Partnerships, as well as other national strategies. These strategic visions should be supported by stronger delivery programmes; project management plans framed by corporate leadership and collaboration. These should anticipate potential barriers to delivery, and identify the organisations, people and resources needed to overcome those barriers. An enhanced role for the Scottish Futures Trust could also help to support national coordination

Innovation

14. What are your views on the Construction Scotland Innovation Centre?

No comment

15. Where are the opportunities for growth within sub-sectors, e.g. offsite construction?

Off-site construction can allow for more time efficient development, reducing cost and increasing speed of housing delivery.

16. How will technological changes (e.g. robotics, automation) impact on the sector?
How can Scotland take advantage of this change?

RTPI and Future Catapult Cities (FCC) have signed a [Memorandum of Understanding](#) to raise the awareness of digital technology to facilitate everyday tasks planners face. Together with FCC, the RTPI seeks to provide signposting, guidance, conferences and outreach to give planners the necessary skills and knowledge of PlanTech. The awareness of technology and how to use should be raised to lead towards more efficient and higher quality developments.

Seeking to create a world leading digital planning system in Scotland, the Scottish Government has established a Digital Taskforce. This was established to improve access to, and consistency of, information in the planning system. Improving the availability and accessibility of planning data could allow the construction sector identify development priorities and future opportunities during earlier stages, and hence speed up the development process. This digital platform is currently being developed, however there are no timescales on when this shared platform will go online. It is also important that this taskforce works collaboratively alongside industry stakeholders, including RTPI Scotland, to maximise the benefits and usability of the outputs.