

Funding the Planning Service

RTPI Scotland briefing paper

Key findings

This paper outlines the findings of analysis undertaken by RTPI Scotland to assess the resource needs of the planning system over the 2021 – 2026 Parliamentary term.

In total we estimate that to undertake its core statutory functions the planning system requires at least **£86 million** over the parliamentary term. Whilst much of this essential resource can be met with an increase in fees, over **£24 million** needs funded from the Scottish Budget over the parliamentary term. This would equate to an approximately 40% net revenue increase to the planning system over the next five years but in terms of budgetary asks for the annual increase of local government block grants and funds, it would equate to **just 0.01% of the total Scottish Budget 20/21**.

RTPI Scotland have identified key areas of the planning system where there are current and expected funding gaps. This work has made the following outline estimations:

Planning system function needing funded	Estimated funding gap over 5 years	Assigned funding source
Core cost of processing a planning application (to full cost recovery)	£61,704,289	Planning fee increase e.g developer contributions, commuted sums etc
Additional duties from the Planning (Scotland) Act 2019	£8,598,702	Local government block grant funding or other funds
Local Place Plans	£3,711,019	Local government block grant funding or other funds
Establishment of the Office of National Planning Improvement Coordinator	£1,629,228	Local government block grant funding or other funds
Chartered Town Planner apprenticeship scheme	£10,386,327	Block grant funding to Skills Development Scotland or other funds
	5 years Local Government Block Grant and other funds funding gap	£24,325,276
	5 years total funding gap	£86,029,565

Context

This research has been published to inform discussion on the future resourcing of the planning system in Scotland. It aims to inform discussion on the 2021 – 22 Scottish budget – and subsequent budgets - by setting out the financial requirements of planning services to ensure that they are able to meet the ambitions of the Scottish Government.

Planning has a vital role to play in moving towards a sustainable, resilient and inclusive recovery through accelerating progress to a zero-carbon economy, increasing resilience to risk, and through creating fair, healthy and prosperous communities¹. The planning system facilitates economic growth and innovation by bringing together people, activities, and resources². Like any good public service, the planning system requires resources and capacity to deliver outcomes efficiently, effectively, and equitably. However, the planning system can only continue to deliver value and promote Scottish Government's national outcomes if it is properly resourced. Discussions of the appropriate resourcing required for planning authorities need to be seen in the context of diminishing resources and increased workloads with recent research from RTPI Scotland³ showing that:

- Nearly a third of planning department staff have been cut since 2009
- Planning authorities' budgets have diminished in real terms by 42% since 2009
- In 2020 local authorities only spent 0.38% of their total net revenue budgets
- Planning application fees only cover 66% of their processing costs
- There are 91 new and unfunded duties in the Planning (Scotland) Act, which could cost between £12.1m and £59.1m over 10 years
- Over the next 10 to 15 years there will be a demand for an additional 680 to 730 entrants into the sector

Limited resources and ambition to support planning to deliver quality outcomes can create a vicious cycle of low-quality development and reduced confidence in the planning system and local authorities. The need to effectively resource the planning systems has been called for by a number of business groups in their Scottish Parliamentary election 2021 manifestos, including CBI Scotland⁴, Scottish Chambers of Commerce⁵ and Scottish Renewables⁶.

CBI Scotland (2021, p7): **“...deliver additional resource to local authority planning departments.”**

Scottish Chambers of Commerce (2021, p16): **“...increase resources available to local authorities for easier and faster processing.”**

Scottish Renewables (2020, p6): **“we need more renewable energy developments, and a well-resourced planning system which can deliver a proportionate and timely consenting process is key to the delivery of net-zero.”**

¹ RTPI (2020) Plan The World We Need. June. Available here: <http://bit.ly/2OvMyaf>

² RTPI (2020) Invest and Prosper – A Business Case for Investing in Planning. October. Available here: <https://bit.ly/2SBksMC>

³ RTPI Scotland (2021) Resourcing the Planning Service: Key Trends and Findings. June. Available here: <https://bit.ly/3bvB9PF>

⁴ CBI Scotland (2021) A new partnership for prosperity: CBI Scotland's Holyrood 2021 manifesto February. Available here: <https://bit.ly/3o3nbdM>

⁵ Scottish Chambers of Commerce (2020) Rally For Growth SCC Manifesto for 2021 Scottish Elections. April. Available here: <https://bit.ly/39QeuZk>

⁶ Scottish Renewables (2020). A Brighter Future: Priorities for the next Scottish Government. November. Available here: <https://bit.ly/3k9kINR>

RTPI Scotland do however recognise the significant financial resources invested by Scottish Government in its Digital Strategy for Planning and have included the potential efficiency savings, where relevant, as a part of our estimations.

Full cost recovery for processing planning applications

RTPI Scotland strongly believes that the core cost of processing a planning application be met by fee income. Heads of Planning Scotland's (HoPS) research with the Chartered Institute of Public Finance and Accountancy (CIPFA) on "Costing the Planning Service" showed that only 66% of the Development Management core application processing costs were at that time covered by fee income⁷. Using the raw data from this work RTPI Scotland has estimated a national shortfall of £15,1493,33 per year in achieving full cost recovery for the core costs of processing a planning application.

RTPI Scotland wish to point out that there is no regular increase to planning fees to reflect inflation costs. To avoid this gradual disinvestment in the planning service RTPI Scotland has set an assumed inflation rate for our estimations at 2.5% over the five years. It should be noted that this estimate is likely to be a conservative one.

We believe that the money raised though increasing planning fees should be reinvested in the delivery of or support for the development management service. RTPI Scotland would like to highlight research work shortly due for publication by HoPS which will compliment this paper, providing greater detail around on-going issues with planning fees and resourcing.

RTPI Scotland recognises opportunity for potential improved efficiencies in the planning application process. In particular, the Scottish Government's Digital Planning Strategy⁸ has an estimated a 28% of potential time saving for planners through digitisation and therefore this potential efficiency has been included in our calculations to arrive at the most realistic and fair expectation for additional resourcing requirements.

In summary, the calculations are:

£15,1493,33 x 5 years = £75,746,667

£75,746,667 with 28% efficiency saving = £54,537,600

£54,537,600 + inflation @ 2.5% over five years = **£61,704,289**

Additional duties of the 2019 Planning Act

Research undertaken by RTPI Scotland has shown that the Planning (Scotland) Act 2019 has 49 new and unfunded additional duties to be placed on planning authorities. The cost of implementing these was estimated between £12.1M and £59.1M over a ten-year period⁹. For the purposes of this work we have chosen the middle point of this estimate, then halved for a 5 year period to reflect the parliamentary term. RTPI

⁷ HoPS (2019) Research on Costing the Planning Service. February. Available here: <https://bit.ly/3nBLK1d>

⁸ Scottish Government (2020) Transforming Places Together: digital strategy for planning. November. Available here: <https://bit.ly/2OBWVcj>

⁹ RTPI Scotland (2019) Financial Implications of Implementing the Planning (Scotland) Act 2019. August. Available here: <https://bit.ly/3uRbtFT>

Scotland research into the benefits of digital planning estimated a potential saving of £20.4m over 10 years in the cost of implementing Planning (Scotland) Act 2019¹⁰.

Our calculations are:

£35,600,000 / 2 = £17,800,000 over five years

-£10,200,000 estimated saving from digital planning = £7,600,000

£7,600,000 + inflation @ 2.5% over five years = **£8,598,702**

Local Place Plans (LPPs)

.....

Local Place Plans have been introduced in the 2019 Planning Act to allow community bodies to set out their proposals on the development or use of land in their area. It may also identify land and buildings that the community body considers to be of particular significance to the local area. RTPI Scotland believes that they could be transformative in supporting communities to proactively and positively shape their neighbourhoods, villages and towns.

However, the resource implications for communities wishing to produce LPPs, for planning authorities to support their development, and, for plan implementation is a substantial concern for RTPI Scotland. Currently no resources have been identified to support the development and facilitation of LPPs. The RTPI Scotland research into the cost of implementing the Planning (Scotland) Act 2019 estimated this to cost between £3,280,000 - £9,840,000. For the purposes of this work, we have chosen the middle point of this estimate, then halved the estimate for a 5 year period to reflect the parliamentary term.

Our calculations are:

£6,560,000/2 = £3,280,000 over five years

£3,280,000 @ 2.5% inflation over five years = **£3,711,019**

Workforce

.....

As previously discussed in this paper budget cuts are significantly impacting on staff numbers in planning departments. A comparison between the Planning Workforce Survey 2010 and the Planning Performance Frameworks for 2017/18 highlight that there has been a 32% loss of staff in planning departments since 2009. Furthermore, planning has demographic and succession challenges with a limited pipeline of new people entering the profession. Data gathered from planning authorities' Planning Performance Frameworks indicate that that only around 9% of staff in planning authorities are under 30 whilst over 35% of are over 50 years old.

Research commissioned by Skills Development Scotland for Partners in Planning outlined this future demand and highlighted that the majority of planners needing replaced will be senior and more experienced planners, potentially creating a knowledge gap within the profession as this expertise and experience is lost. It said that over the next 10 to 15 years the planning sector will have demand for an additional 680 - 730

¹⁰ RTPI Scotland (2020) Transforming Planning, Places and Scotland (Summary of findings) - The benefits of investing in a digital planning service. November. Available here: <https://bit.ly/3jH4sna>

entrants into the sector (comprised of 550 - 600 replacement demand and 130 expansion demand)¹¹.

There is a need to make sure that we have enough planners to process planning applications and publishing development plans to support post-COVID recovery. Given this there is a need to invest in initiatives to promote planning as a career; widen access to the profession through establishing apprenticeships; and invest in skills development and culture change programmes.

Using figures obtained from the RTPI the cost of the Chartered Town Planner apprenticeship in England in terms of degree cost and the cost of the End Point Assessment is £27,000. With 680 new estimated entrants needed in 10 years, we have estimated 340 new planners needed over the over 5 years. Therefore, the estimate of investment necessary for an apprenticeship scheme is as follows:

$$340 \times £27,000 = £9,180,000$$

$$£9,180,000 @ 2.5\% \text{ inflation over five years} = \mathbf{£10,386,327}$$

Office of the National Planning Improvement Coordinator (ONPIC)

RTPI Scotland believes that the new Planning Coordinator function introduced by the Planning (Scotland) Act 2019 has the potential to be a gamechanger in providing a powerful new resource for all users of Scotland's planning system. If implemented well it has the potential to raise the profile of planning and strengthen the ability of the system to deliver on many of Scotland's priorities¹². RTPI Scotland however remains unconvinced about the level of resources that were originally proposed for the costs of introducing a National Planning Improvement Coordinator in the financial memorandum accompanying the draft Planning Bill. RTPI Scotland believe that if the ONPIC is to be adequately resourced, the staff complement should be:

Director	£85,000 (as per financial memorandum, C2 grade)
Officer – reviews	£43,000 (circa median B3 grade)
Officer – improvement	£43,000 (circa median B3 grade)
Officer – research	£43,000 (circa median B3 grade)
Officer – admin	£24,000 (circa median A4 grade)
Programme costs	£50,000

Total £288,000 per annum

$$\text{Five-year total + inflation @ 2.5\%} = \mathbf{£1,629,228}$$

¹¹ Skills Development Scotland (SDS), Partners in Planning & EKOS (2021) Skills in Planning Publication. February. Available here: <https://bit.ly/3pe8LrA>

¹² RTPI Scotland (2021) RTPI Scotland Thinkpiece - The Office of the National Planning Improvement Coordinator <https://www.rtpi.org.uk/policy/2021/september/the-office-of-the-national-planning-improvement-coordinator/>



RTPI Scotland
Royal Town Planning Institute

The Royal Town Planning Institute

The Royal Town Planning Institute (RTPI) is the champion of planning and the planning profession. We work to promote the art and science of planning for the public benefit. We have around 2100 members in Scotland and a worldwide membership of over 25,000.

Published November 2021

RTPI Scotland, 18 Atholl Crescent, Edinburgh EH3 8HQ

0370 774 9494 | scotland@rtpi.org.uk | www.rtpi.org.uk/scotland | @RTPIScotland

The Royal Town Planning Institute is a charity registered in Scotland (SCO37841) and England and Wales (262285) Head Office: Royal Town Planning Institute 41 Botolph Lane, London EC3R 8DL