

## Economy and Skills

Depute Chief Executive and Chief Financial Officer  
Alexander McPhee ACMA



## Development Planning and Regeneration

Office location: Opera House, 8 John Finnie Street,  
Kilmarnock KA1 1DD

Direct Dial: 01563 578235

Email: peter.atkinson@east-ayrshire.gov.uk

29 April 2020

### **National Planning Framework - Meeting the requirement to set “targets for the use of land for housing in different areas of Scotland”**

East Ayrshire Council (EAC) welcomes the opportunity to comment on the approach to preparing the HNDA and determining housing land supply. We would like to continue to participate in the development of housing-related policy and guidance through a collaborative working relationship with the Scottish Government, neighbouring Local Authorities and other stakeholders. However, whilst we appreciate that it is in the interests of all parties involved in the development of homes to gain as accurate an understanding of land requirements as possible, aspects of the Housing Technical Discussion Paper (the Paper) are of some concern. The Paper states that NPF4 presents an opportunity to provide greater clarity about housing land requirements. It is, however, considered that the proposed approach might potentially result in more confusion and conflict than is currently the case.

The Paper suggests that the CHMA would prepare the initial stages of the HNDA and then allow Local Authorities or regional spatial groups to propose an alternative scenario if they feel that it is more appropriate; this scenario would be produced in agreement with their HMP. The CHMA would then make a judgement as to which scenario they consider to be more credible, introduce a level of flexibility that they consider to be appropriate and publish the results for housing land requirements in the draft NPF. This would then be submitted to and to be agreed by Parliament following scrutiny.

The Paper states that there would be 'limited scope for adjusting these [i.e. the NPF] figures locally' within the LDP process and that any adjustment would require to be informed by a 'full' HNDA supported by a local housing technical report, to be agreed at the LDP 'gate check' or evidence stage. It has not, however, been communicated at this stage how the CHMA intends to determine which of two pieces of conflicting evidence from either a Local Authority/HMP or an initial CHMA scenario is considered to be the most accurate in terms of outputs, particularly as the CHMA-produced HNDA and minimum target would not differentiate between market and affordable homes. The Paper has also not specified how the LDP and LHS processes undertaken by each Council might align with NPF in order to achieve sufficient compliance. As such, EAC considers that clear guidance should be provided on this matter to remove any ambiguity.

A degree of consistency in developer expectations between different parts of the country is essential in order to provide some certainty, however, significant geographic and socioeconomic differences exist



East Ayrshire Council  
Planning & Economic Development  
Opera House  
8 John Finnie Street  
Kilmarnock, KA1 1DD  
TEL: 01563 576790  
FAX: 01563 554592  
[www.east-ayrshire.gov.uk](http://www.east-ayrshire.gov.uk)

between each of and often within Scotland's Local Authorities. A 'one size fits all' approach is not desirable in such circumstances and a solution that works in Council areas with a robust demand for new homes may not be appropriate in places with a more rural character such as the southern part of East Ayrshire. This is particularly the case should the CHMA-produced HNDA determine, based on market forces, that supply should predominantly take place in areas with high market demand to the detriment of more peripheral areas, where housing need still exists but is more likely to take the form of affordable housing or be developed by small-scale house builders. It is crucial that these areas are supported and that development is encouraged there as a means of ensuring their long term success.

The HNDA for East Ayrshire is at present prepared locally and is informed by local evidence and input. The tool is used to provide a starting point; it produces an estimate of need and demand for housing rather than give precise targets for housing development or the amount of land that is required. EAC is currently able to assess estimates produced by the HNDA and then to introduce a degree of flexibility, as necessary, for the LDP in terms of projected housing land requirements. This pragmatic, local approach, is used to inform the allocation of housing land in the Local Development Plan.

It is nevertheless disappointing that the limitations of the HNDA process are not acknowledged in the Paper and that the Paper does not consider that the tool may be in need of reappraisal. EAC's own experience is that the HNDA is a flawed and imperfect tool in calculating housing need because the outputs from the process have consistently not matched actual local conditions or evidence from housebuilding. Current guidance allows for locally generated flexibility to be inserted at the plan stage following local preparation of the HNDA; the possibility of doing so is very much appreciated. EAC would, however, be very concerned if that flexibility is substantially removed and if the potential for disagreement detailed in paragraph 3 is introduced. Although timescales are short, it is considered that the CHMA should explore, in conjunction with Local Authorities and the Scottish Government, how the HNDA process can be improved or at the very least modified to allow for a greater amount of flexibility than has been suggested in the Paper.

The Paper asks which mechanism may be used, in the context of a ten year land supply, to ensure land is brought forward in accordance with the LDPs spatial strategy. It is not considered realistic to accurately allocate housing land/provide effective supply for a decade-long period, given the difficulties already experienced in doing so for a five year timeframe. The current approach allows for modifications to be made to housing allocations after analysis of the Housing Land Audit and through the replacement of the LDP, typically at five year intervals. It is considered that new LDP policies should, in the context of a ten year period, retain the flexibility to allow for a review of land supply in alignment with needs identified in, for example, the HLA or LHS. A mechanism that ensures that land already identified in the Plan can be made more effective is welcomed, however, any approach that prioritises the release of land not previously identified in the Plan (and which therefore has not been through the same level of public scrutiny) in preference to existing allocated land cannot be supported except in very exceptional circumstances.

Although the intention of the Paper is to focus on the mechanism whereby house completion targets would be determined, it is considered that the wider context of housing supply in Scotland must also be re-examined. The notion that the planning system acts as a barrier to the delivery of new homes is flawed and no evidence exists to establish a direct link between planning policy and completion rates. Whilst the completion of Council-built homes is to some extent within the control of Local Authorities, the rate at which homes are delivered within private housing sites and the motivations for doing so are influenced by a range of factors in addition to the LDP allocation of land.



East Ayrshire Council  
Planning & Economic Development  
Opera House  
8 John Finnie Street  
Kilmarnock, KA1 1DD  
TEL: 01563 576790  
FAX: 01563 554592  
[www.east-ayrshire.gov.uk](http://www.east-ayrshire.gov.uk)

The most recent example of an externality beyond the control of planning authorities is the COVID-19 emergency; early engagement through the Housing Land Audit 2020 process for East Ayrshire suggests that the Coronavirus and consequent site closures are likely to lead to a reduction in the rate of house completions in 2020/21. In this context, we consider that a move should be made away from a system of targets towards one based on a more reasonable, practical and informed approach to planning for new homes and local communities. However it is acknowledged that targets may be necessary in the interim and, as such, it is considered that the current HST and HLR should be replaced by a single, more readily understood figure that allows for a degree of flexibility as necessary.

In summary, whilst it is acknowledged that the proposed process does include an opportunity for local objectives to be discussed, it would nevertheless unacceptably reduce the influence of Local Planning Authorities and local communities in establishing housing land requirements for their own areas. Any target established by the NPF for local areas (directly as a result of more limited local knowledge) could potentially be unrealistic and unrealisable. Furthermore the proposed process would substantially withdraw from Local Planning Authorities the opportunity to introduce flexibility and a much more nuanced approach based on local knowledge, concerns and data.

It is considered that the proposals in the Paper would, if implemented, create an unreasonably centralised approach to the preparation of the HNDA, itself an imperfect tool. The approach proposed in the Paper would allow for the establishment of minimum targets within the NPF with insufficient weight given to the benefits of local control and expertise. Final land requirements would, in essence, not be set by Local Planning Authorities. With respect, it is considered that the proposal should be turned on its head; the content of the NPF should be determined not by a “top down” approach but should gather intelligence from Planning Authorities (possibly through Regional Spatial Strategies) and jointly agreed.

The shortcomings of the proposed and current approaches can be encapsulated as follows (a more detailed response to each point raised in the Paper can be seen in the Appendix):

- The HNDA is a flawed tool that produces inaccurate results that do not reflect local needs and market conditions.
- The current approach to preparing the HNDA allows Local Authorities to introduce a level of flexibility to take account of these shortcomings; this should remain a possibility for LAs.
- It is considered that the CHMA should explore a means of amending or replacing the HNDA tool to ensure that the outputs it produces are as accurate as possible.
- If the HNDA is to be retained, it should continue to be produced locally and not nationally/centrally because of the aforementioned strengths of a locally-based approach.
- A means of ensuring that housing land supply remains accurate through periodic review is recommended; a mechanism that encourages development on existing allocations is welcomed.
- LAs have no direct control over the delivery of private sector housing but do have more influence over the delivery of affordable/Council housing. It is therefore considered that an approach to



East Ayrshire Council  
Planning & Economic Development  
Opera House  
8 John Finnie Street  
Kilmarnock, KA1 1DD  
TEL: 01563 576790  
FAX: 01563 554592  
[www.east-ayrshire.gov.uk](http://www.east-ayrshire.gov.uk)

housing supply based on targets is misguided and that it should eventually be replaced by a more reasonable, practical and locally-informed approach.

- Should any form of target be set, it should be presented in the form of a single figure with flexibility tied to it; this would avoid the disagreement currently experienced between the HST and HLR.
- A means by which LDPs and LHSs can align with the NPF4 timetable must be detailed.

Whilst the Paper does not make provision for doing so, it is considered that Local Authorities should be given an opportunity to be involved directly in the determination of levels of flexibility to establish housing land figures and to work jointly with the CHMA to produce these. A joint, collaborative approach to agreeing targets is therefore recommended.

Yours sincerely

Karl Doroszenko

**DEVELOPMENT PLANNING AND REGENERATION MANAGER**



East Ayrshire Council  
Planning & Economic Development  
Opera House  
8 John Finnie Street  
Kilmarnock, KA1 1DD  
TEL: 01563 576790  
FAX: 01563 554592  
[www.east-ayrshire.gov.uk](http://www.east-ayrshire.gov.uk)

## Appendix

Issue	Statement in Paper & EAC response
<p><b>What is your view on the guiding principles set out above?</b></p>	<p><b>‘...provide early clarity and to reduce conflict and complexity...’</b></p> <p>Whilst the principle that these matters might be agreed through the NPF as a means of avoiding complexity is supported, it is considered that the proposed approach may simply replace one form of disagreement with another and introduce additional opportunities for conflict. The approach suggested would require LDPs and LHSs to align in terms of the NPF timetable. It is likely that housing numbers published under NPF4 will be opened up again for discussion and scrutiny at the LDP ‘gate check’ and Examination stages, should those stages, for example, take place several years after NPF4 is published (the NPF is to operate on a decade-long basis). This is very likely to occur given that LDPs are currently not being produced concurrently to the NPF.</p> <p>A mechanism would therefore be required to enable LDPs and LHSs to align more closely with preparation of the NPF. More clarity about what would be examined at ‘gate check’ and Examination stage will also be required in order to ensure that housing numbers are not debated multiple times.</p>
	<p><b>‘...the purpose of the figures is to ensure that local development plans allocate sufficient land for housing...’</b></p> <p>It has not been specified in the Paper whether ‘land’ refers to land in terms of hectares or numbers of dwellings. Clarity on this issue is therefore necessary. It is also considered that the use of minimum figures for housing is not appropriate in areas of high market and commercial demand where some planning restraint is required, nor in areas where targets are unlikely to be met, such as those areas of limited market activity.</p>
	<p><b>‘...an agreed proportion of (this) land should be ‘deliverable’...’</b></p> <p>The Paper does not specify what is meant by ‘deliverable’ and it is considered that any new terminology should be clearly defined. It is assumed that ‘deliverable’ is a substitute for the currently used term ‘effective supply’ of housing land. The term ‘effective supply’ has, however, led to some confusion itself when undertaking the HLA process.</p> <p>It should also be noted that the delivery of market homes is the responsibility of house builders, regardless of how readily developable or ‘effective’ that land is and that it should be made abundantly clear that the role of the LDP is to allocate land that is developable in the plan period to ensure that a sufficient number of homes may be delivered, and not to be responsible for the actual development of said land.</p>
	<p><b>‘...minimum figures should be set for all local authority areas in Scotland...’</b></p> <p>It is considered that a minimum housing land figure is inappropriate in certain areas where high market demand means that some constraint is required but</p>



East Ayrshire Council  
 Planning & Economic Development  
 Opera House  
 8 John Finnie Street  
 Kilmarnock, KA1 1DD  
 TEL: 01563 576790  
 FAX: 01563 554592  
[www.east-ayrshire.gov.uk](http://www.east-ayrshire.gov.uk)

	<p>is also inappropriate for those HMAs or Sub-HMAs which are less attractive commercially to major house builders; the southern part of East Ayrshire, formerly dominated by the mining industry but where unemployment is now prevalent, is a good example of this type of location.</p> <p>It is considered that while functional HMAs reflect wider areas within which private/market buyers may wish to purchase a new home, Local Authority geographies better reflect the social sector, evidently so in the case of Council home provision. These distinctions should be retained within the process to reflect these circumstances.</p> <p><b>‘...a national approach needs to be informed by regional and local knowledge, analysis and input...’</b></p> <p>An approach based on local and regional knowledge is, as has been established above, supported. It is considered that locally based HNDA should be prepared jointly by Local Authorities and the CHMA; that Local Authorities should therefore be included as a matter of course rather than simply being ‘invited’ to play a part. It is considered however that any mechanism whereby the Scottish Government/CHMA would work collaboratively with Local Authorities, whilst desired, will require funding and concise programming.</p> <p>Whilst an approach undertaken by regional collaborations is welcomed and the HMP is a valued partner in the preparation of the HNDA, it is considered that the role of Homes for Scotland (HfS) and other private house builders should not be enhanced in such a way as to provide any kind of veto on their part. Contrary to the role of Local Authorities, HfS represents commercial concerns, plays no statutory role and does not have the interests of the public as its core responsibility.</p>
<p><b>Should NPF contain housing land figures for all areas in Scotland or focus on certain areas?</b></p>	<p>The Paper appears to suggest that more land may be required in certain high demand areas because of previous undersupply and that this may come at the expense of areas of low demand. It is considered, however, that areas of low demand are equally important, if not more so, as a means of evening out spatially the pressures of development and encouraging new life in places able to accommodate additional homes.</p> <p>It is considered to be too simplistic to view ‘the market’ to be the only means of determining demand for new privately owned homes; low market demand does not always equate to low needs. By the same token, unsatisfied demand does not always signify a failure of the planning system; developable land has been and is allocated in sufficient quantity in East Ayrshire, for example.</p> <p>All areas of Scotland must be included if the National Planning Framework is to live up to its title. The NPF must be sophisticated enough to be able to tackle market failure in areas of low demand as well as allow for the effective delivery of homes in areas of high demand.</p>



East Ayrshire Council  
 Planning & Economic Development  
 Opera House  
 8 John Finnie Street  
 Kilmarnock, KA1 1DD  
 TEL: 01563 576790  
 FAX: 01563 554592  
[www.east-ayrshire.gov.uk](http://www.east-ayrshire.gov.uk)

	<p>The motivations of the public housing sector are often different to those of the private sector and Local Authorities and local HMPs are better placed to understand and provide information in relation to local conditions and their geographies than any centrally-based agency.</p> <p>It has not been specified whether 'areas' refers to geographic areas or different sectors. In terms of sectors, whilst Local Authorities have little influence over the completion of market houses, they do construct and provide Council housing. Given success in the past in encouraging development when funding has been made available, it is considered that targets may be appropriate for the completion of these, alongside those of affordable housing, dwellings for those with mobility issues and other, essential forms of housing, the delivery of which can be influenced to a far greater degree by Local Authorities than that of private, market housing.</p>
<b>Are there areas in Scotland where an alternative approach may be more appropriate?</b>	Please refer to the above response.
<b>What is your view on the proposed approach to setting out requirements for housing land?</b>	Any attempt to reduce debate over housing land and the time it necessarily incurs, in order to focus on placemaking and other ways of improving the quality of new homes and environments surrounding them, is firmly supported. Given the intention to remove from Local Authorities the possibility of preparing their own, albeit flawed HNDA based on local knowledge and allowing for flexibility, it is considered that the proposed approach would result in more confusion and disagreement than the current method. It will also be necessary to develop a means of aligning the LDP, LHS and NPF4 in order to avoid conflict at 'gate check' and Examination stages, particularly if any of these stages should take place a great time after the publication of NPF.
<b>Should NPF provide a single housing land figure or a range?</b>	It is considered that the NPF should provide a single figure based on local knowledge and expertise in order to reduce debate over housing land supply.
<b>Is the HNDA Tool an appropriate mechanism to base housing land figures on?</b>	The HNDA is an imperfect tool. EAC is aware from past experience that it produces results that are unreliable and which do not reflect local knowledge or actual local conditions. HNDAs are in part produced on the basis an appraisal of scenarios subject to aspiration and political influence as much as empirical data. It is considered that a new approach to housing supply should be taken to move away from the current target-based system. Nevertheless, and in the interim, it is considered that the Council-based process of preparing HNDAs should be examined independently and that the CHMA should be commissioned to explore whether, on the basis of that independent assessment, the HNDA tool and process can be improved or if it should be replaced by a more effective mechanism.
<b>Should there be scope for local and planning authorities working together to reflect functional housing market areas</b>	The market for homes within, for example, the Glasgow city region extends beyond individual HMAs and includes a large number of neighbouring Local Authorities. An assessment and delineation of functional Housing Market Areas on a regional scale would be necessary in order to gain an understanding of demand for housing on such a scale and achieve clarity.



East Ayrshire Council  
 Planning & Economic Development  
 Opera House  
 8 John Finnie Street  
 Kilmarnock, KA1 1DD  
 TEL: 01563 576790  
 FAX: 01563 554592  
[www.east-ayrshire.gov.uk](http://www.east-ayrshire.gov.uk)

<p><b>that cross local authority boundaries? What approaches could be used to achieve this?</b></p>	<p>The approach would require the establishment of a regional body with a robust decision making process, associated oversight and with the collaboration of all relevant Local Authorities. Delivery of new homes would require to be monitored at this spatial level and housing land information gathered, analysed and then utilised in the decision making process.</p> <p>The production of the NPF should allow time and resources for the undertaking of regional analysis to inform such an approach and be done in agreement with all stakeholders. Any process that might be introduced must be allowed to sufficiently align with the NPF production timetable. Local Development Plans naturally focus at the Local Authority area and a means must therefore be established to allow planning decisions to be taken based on the cross-boundary geographies of functional housing market areas.</p>
<p><b>Should NPF apply a level of flexibility to the HNDA tool results to ensure a proactive approach to managing the supply of land for housing in a positive way? Should the level of flexibility be informed by recent housing completions?</b></p>	<p>The term ‘flexibility’ is not defined in the Paper, however, it can be assumed to refer to a similar approach to that currently used whereby the HNDA produces a Housing Supply Target (HST) which is then supplemented by the Housing Land Requirement (HLR) once generosity and other factors are applied.</p> <p>The inclusion of two separate targets (HST/HLR) leads to confusion and each target can be seized upon by whichever party it happens to benefit most. Should a target be required then a single figure, produced with local knowledge and subject to less dispute would provide greater clarity for both developers and planning authorities. Some flexibility may be included to allow for extra capacity in addition to that single number but it should be represented as an accepted percentage point departure from the same figure and not a separate, defined figure in its own right. Flexibility that reflects average completions within an HMA or Sub-HMA, for example during a five or ten year period, would be a sensible and realistic approach to take, provided no substantial structural change in the housing market has occurred that might lead to substantially greater or fewer number of homes being delivered in the future.</p> <p>As mentioned, each housing market area (or Sub-HMA) in Scotland is different to the next and NPF4 should not include a blanket, national flexibility level as local market conditions mean that many Local Authorities will fall short, particularly if that target is set without local knowledge of how the housing market works in a given area.</p>
<p><b>Should NPF housing land figures be met in LDPs as a minimum</b></p>	<p>It is considered that minimum figures and the associated debate around them should be removed as a means of determining/achieving housing supply. A locally based, reasonable approach founded on local knowledge and expertise should instead be employed as a means of reducing dispute. Minimum targets for the delivery of housing are inappropriate in areas of high market/commercial demand where planning restraint is required yet also unsuited to those areas where demand for market housing is constrained. This is particularly the case in the south of East Ayrshire, where targets have, year on year, been missed as a consequence of overambitious HSTs.</p>



East Ayrshire Council  
 Planning & Economic Development  
 Opera House  
 8 John Finnie Street  
 Kilmarnock, KA1 1DD  
 TEL: 01563 576790  
 FAX: 01563 554592  
[www.east-ayrshire.gov.uk](http://www.east-ayrshire.gov.uk)

<p><b>LDPs are moving to a ten year timeframe. Housing land audits generally programme land supply for a five year period. For LDPs to have a ten year land supply available upon adoption what mechanisms could be used to ensure land is brought forward in accordance with the LDPs spatial strategy?</b></p>	<p>It is considered to be unrealistic to allocate housing land/provide effective supply for a decade-long period; demonstrating that sufficient land has been set aside for such a length of time would be extremely difficult. The current approach is to ensure that a sufficient area of land, considered to be developable, is identified for a ten year period and that audits are undertaken so that the plan may be replaced after a period of five years to reflect changed circumstances. This approach ensures that sites that have subsequently been proven to be non-effective can be removed and new, more effective sites are identified and included.</p> <p>As such, NPF4 should define how land supply might be managed over a ten year period within LDP and should include circumstances that might trigger a review of land supply and alignment with LHSs, for example, to determine whether more land may require to be released.</p> <p>The development of a mechanism to ensure that land already identified can be brought forward and developed is welcomed. Such a method would need to be strategic in approach and would require a range of agencies to co-operate and invest time and funds for a minimum period of time. Such an approach should be focused on bringing forward vacant or derelict or underused urban brownfield sites. Equally, such an approach is required in areas of high demand to ensure that there is a gradual improvement of local services to accommodate an increased population. A mechanism that prioritises the release of land not previously identified would, however, be counterproductive and would negate the Plan led approach.</p> <p>In terms of the HLA process itself, it is deemed that the current approach of using an initial five year period (year by year programming followed by two aggregate five year periods) remains necessary. The greater the time period, the less accurate the figures typically are; a five year perspective allows for a relatively reasonable assumption of completions. Whilst the new approach to LDPs allows for a ten year plan, it is expected that certain elements will be reviewed more frequently to account for changing circumstances, potentially at five year intervals to allow for sufficient flexibility and alignment with the LHS.</p>
<p><b>Should the Scottish Government play a role in the housing land audit process?</b></p>	<p>The Scottish Government should play an advisory role in the HLA process and provide clear and concise guidance detailing requirements in terms of presentation of data and the roles expected of key stakeholders. This is particularly crucial given the wide disparity between the approaches currently taken to the production of HLAs by different Local Authorities, which has led to confusion and disagreement. The presentation of HLA information on a digital national platform, in addition to at a Local Authority level, is also supported in order to provide clarity and allow for comparison.</p>



East Ayrshire Council  
 Planning & Economic Development  
 Opera House  
 8 John Finnie Street  
 Kilmarnock, KA1 1DD  
 TEL: 01563 576790  
 FAX: 01563 554592  
[www.east-ayrshire.gov.uk](http://www.east-ayrshire.gov.uk)