

Kirsty Jackson-Start
Argyll and Bute Council

01 June 2021

By email only

Dear Kirsty

NATIONAL PLANNING FRAMEWORK 4 (NPF4) – INITIAL DEFAULT ESTIMATES FOR MINIMUM ALL TENURE HOUSING LAND REQUIREMENTS (HLRs)

Thank you for inviting Homes for Scotland (HFS) to comment on Argyll and Bute Council's proposed response to the above consultation and for sharing information on the significant work the Council has done on this exercise and its wider HNDA.

The HFS general position on the three components of the Scottish Government initial default estimate calculations can be summarised as follows:

- We believe the Scottish Government's **existing household need counts** are too low.
- We do not think the principal projection of the 2018-based household projections provides a good basis for **estimates of newly forming households** to be planned for.
- We accept the Scottish Government's **flexibility allowance** levels.

Additionally, we believe that for most local authorities it is the 2019 **completion figures** that should be considered, rather than the 10-year average suggested by the Scottish Government. This is because the 10-year average takes Scotland halfway back to the depth of the post-global financial crisis recession and does not serve the policy objective of increasing housing delivery. Argyll and Bute achieved 296 completions in 2019.

Turning to the Scottish Government figures for Argyll and Bute, and your proposed adjustments, you are proposing to increase the Scottish Government figures as shown in Table 1 (below). The third row of figures is based on a HFS model which also considers completion rates and national policy. These are not figures that HFS is specifically promoting as the right NPF4 targets for every local authority, as they do not work everywhere. For Argyll and Bute, however, you could consider whether these figures might better reflect the Council's own ambitions for the area and your local knowledge on future household formation.

Table 1: Scottish Government and Argyll and Bute Council Figures and HFS Model

	A Existing Need Count	B Newly forming households Estimate	(A+B) Need + Demand Estimate	Adjustment to reflect 2019 completions and policy aspiration to increase delivery	Flexibility allowance (25% or 30% in with Scot Gov levels)	Minimum HLR
A&B IDE	150	0	150	-	45	195
A&B LAE	802	850	1,652	-	416	2,150
HFS model	802 +	850 +	1,652 +	3,275	982	4,257

HFS welcomes your willingness to challenge and amend the Scottish Government's initial default estimates. It is very positive to know you have undertaken considerable work through your HNDA process to gather local data and carry out local surveys. You have also used local information to provide an estimate of newly forming households that reflect local intelligence on the number of households known or expected to be moving into Argyll and Bute in association with employment base changes and policy intentions. We agree your figures are more robust and better informed than the initial default estimates. We would like to see this work undertaken for all parts of Scotland.

HFS would nonetheless support significant further upward adjustments of figures for Argyll and Bute, as your proposed locally adjusted estimate of need and demand still falls short of your past completion levels (whether looking just at 2019 or your 10-year average) and so do not support the objective of increasing housing delivery, or wider policy objectives. Our model reflects what that upward adjustment could look like if local authorities collectively achieved the HFS policy target of delivering at least 25,000 homes of all tenures each year. It rolls forward the proportionate contributions to supply that each local authority made in 2019, when 22,596 homes were delivered across Scotland. A corresponding minimum all-tenure HLR is shown.

Policy Thinking

When we spoke, we discussed the thinking amongst some authorities that they will continue to set targets of their choosing in their LDPs (using the HNDA-informed approach in place under the current system), and that it might not therefore matter if the NPF4 figures are set significantly lower than current completion levels or local aspirations. I explained that HFS is very concerned that such a split in the function of the two sets of targets (national and local) would have negative repercussions. It would cause confusion for wider stakeholders in the planning system and make it harder for authorities to promote higher targets in LDPs. Artificially low figures in NPF4 would also send the wrong signals to investors in the period between NPF4 being finalised and the next set of LDPs being adopted, making it harder for authorities to attract new market and infrastructure investment.

For these reasons, HFS will continue to call for NPF4 MATHLRs, and a process for finalising them, that reflect need and demand in full and that are reflective of completion levels and policy ambitions.

A HFS paper on policy thinking for locally adjusted estimates is attached for information. One of the policy areas it considers is the economic benefits of home building. Table 2 shows a selection of the benefits that were achieved through home building in Argyll and Bute in 2019, and the benefits that would be lost (by comparison) if delivery levels dropped to 15 (the annualised Scottish Government need and demand initial default estimate) or even 165 (the annualised Argyll and Bute Council locally adjusted estimate of need and demand). For comparison, we modelled the uplift that would be achieved if completion levels increased to 327 homes a year (see Table 1).

Table 2: Economic Benefits of Home Building in Argyll and Bute

Argyll & Bute Measure	Per Home	Homes Built 2019	Achieved 2019	Uplift at 327	At risk at 15	At risk at 165
Jobs	4	296	1,184	124	1,124	524
GVA	205000	296	60,680,000	6,355,000	57,605,000	26,855,000
Local Spend	5000	296	1,480,000	155,000	1,405,000	655,000
Council Tax	990	296	293,040	30,690	278,190	129,690
S75	5378	296	1,591,888	166,718	1,511,218	704,518

We very much hope this letter helps your thinking on inputs and locally adjusted estimates. If there is anything at all that you want to ask us, including anything in this letter that need to be clarified, please do not hesitate to get in touch with me.

HFS wrote to the Scottish Government on 29 April to ask that they give local authorities more time to report back on their Locally Adjusted Estimates. It is clear local authorities have had a lot of thinking and preparation to do ahead of commencing stakeholder engagement, and the 6 June deadline is fast approaching. With many authorities wanting to do their own HNDA work and/or being required to seek committee sign-off for their locally adjusted estimates, the time available feels just too squeezed for such an important and complex collaborative exercise. We are aware that, whilst the Scottish Government has not agreed to a blanket extension, some authorities have been given additional time in response to individual request. If Argyll and Bute has been (or is) granted an extension, please let HFS know as this could provide scope for more joint working.

As outlined, HFS has strong concerns about the process used by the Scottish Government to generate the MATHLRs and with the MATHLRs themselves. We want to keep working with local authorities and the Scottish Government beyond the current 4 June deadline to ensure NPF4 plays its part in planning positively and proactively for all parts of Scotland. You will receive a separate letter from HFS to all local authorities on this.

Thank you again for sharing your thinking on locally adjusted estimates with HFS for comment. We are particularly pleased to learn about the significant work your authority has done on modelling need and demand and we will flag this to the Scottish Government as good practice. Please continue to liaise with us as you finalise your return and copy us in when you do response to the Scottish Government. We would be happy to look at and comment on any revised figure or to provide any other assistance required.

Yours sincerely

Tammy Swift-Adams

Tammy Swift-Adams
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