

Head of Planning
Head of Housing

01 June 2021

By email only

Dear Local Authorities

NATIONAL PLANNING FRAMEWORK 4: FIRST STEP TOWARDS A MINIMUM ALL-TENURE HOUSING LAND REQUIREMENT (MATHLR)

Homes for Scotland (HFS) is writing to all local authorities to confirm our current position as the 4 June deadline for the above consultation approaches. We are grateful to the local authorities who have engaged with us since the Scottish Government began this work on 23 February.

In April, we wrote to all local authorities with a set of resources designed to help the preparation of your locally adjusted estimates. One of our key messages focused on the very limited data used to inform the Scottish Government's initial default estimates, not least the existing need count.

It is unfortunate that there was insufficient time or support within the consultation exercise for most authorities to undertake the amount of work required to prepare, consult and come to agreement upon meaningful adjustments to the Scottish Government's initial default estimates.

We are hearing that the constraints of the process as set out have left many authorities feeling unable to challenge the Scottish Government figures, and certainly to promote significant increases, even where authorities can instinctively see the initial figures are incongruous with local completion levels and ambitions. There are some notable exceptions, and we will write individually to those authorities and to the Scottish Government to provide support where we can for the progress made so far.

HFS has advocated the use of household surveys to collect information on existing housing need, and it is very positive that work of that nature has been undertaken by Argyll and Bute and the four authorities in the Tay Cities Region (Angus, Dundee, Fife and Perth and Kinross). We understand those authorities had embarked on HNDA work, and committed to household survey, before this consultation began, so unlike most other authorities they were not faced with a standing start on 23 February. We will now look to the Scottish Government to support other authorities in bringing their evidence base equally up to date.

We hope the work undertaken in the Tay Cities Region, combined with some work HFS has itself been doing to assist data collection on existing housing need, will help ensure the current evidence gap is overcome before the draft version of NPF4 is published for consultation. For now, this is the HFS general position on the three aspects of the Scottish Government figures that they have asked local authorities to consider:

1. Existing Need Count

We welcome the changes many local authorities have made so far to their existing need counts. However, we think many of those locally adjusted figures will remain too low as they are still based on limited evidence and do not take account of wider forms of housing need beyond the most acute forms recognised in national datasets (homeless households in temporary accommodation and households that are both overcrowded and contain at least one concealed family, excluding singles).

HFS cannot support any MATHLRs that are not based on fuller evidence of need and demand. We recognise it may not have been in the gift of all authorities to generate and review new evidence within the 23 February to 4 June consultation window. However, we consider it essential that further work is undertaken before final decisions are made on the figures to be included in the consultation draft of NPF4. We want to keep working on this with local authorities and the Scottish Government.

2. Newly Forming Households:

HFS does 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. Some authorities have used the 'high migration' alternative and others have provided their own estimates of newly forming households, using evidence like past completion rates, in-migration patterns and positive policy intentions for and interventions in their area.

Overall, HFS remains concerned by the extent to which the NPF4 MATHLRs are still being guided by the principal projection from the 2018-based household projections, given their well-documented shortcomings as predictors of what is likely to (or desired to) happen in practice.

3. Flexibility Allowance:

HFS supports the Scottish Government's use of generous flexibility allowances. We would expect any changes to them to be based on evidence that a local authority has a strong track record of delivering homes on the sites identified in its land supply. The Scottish Government needs to be clearer with authorities that the flexibility levels are intended purely to guard against the known risk of some allocated and otherwise earmarked sites not delivering the homes intended by the intended timescale. Almost all local authorities appear to have accepted their 25% / 30% allowance and there would need to be compelling evidence of strong delivery track-records from any locally authorities who may seek to depart from them.

On Completions

HFS does not consider the 10-year average of completions to be a helpful point of reference when considering how many new homes NPF4 should plan for over the next ten years. This is because the 10-year average suggested by the Scottish Government 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. HFS has suggested authorities consider the completion figures for 2019 as, at the pan-Scotland level, that was the most successful year for deliveries in the post-recession period. This model does not work for all authorities though, as in some areas recent completions levels are still not in line with local ambition and potential.

Next Steps

The household survey work undertaken in the Tay City Region shows this approach to evidence gathering is doable, cost-effective and can generate valuable information that is directly relevant, not only to local planning but also to the NPF4 MATHLRs. HFS has itself successfully trialed a new, reliable and affordable method for undertaking household surveys. We will now:

- Provide the Scottish Government with a note of the engagement we have had with individual local authorities on this consultation exercise and our general position as at the 4 June deadline.
- Work with Heads of Planning Scotland (HOPS) and the Association of Local Authority Chief Housing Officers (ALACHO) to identify joint messages and suggested next steps.
- Talk to the Tayside City Region authorities about whether our respective work on household surveys could provide a model for use by other authorities.
- Urge the Scottish Government to make space and put support in place to ensure that all local authorities in Scotland can benefit from this further vital work.

We are keen to hear from willing authorities who would like to undertake household survey and/or other wider work to inform national and local target-setting.

We strongly encourage all local authorities to ensure the Scottish Government is aware of any concerns you may have about the process and/or the emerging MATHLRs. We believe there will be more scope for corrective action if there is clear cross-sector support for further thinking than if this is something on which HFS is a lone voice.

One area of thinking that has emerged from some authorities is you will continue to set targets of your choosing in your 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. 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 to fully reflect need and demand and wider policy intentions. Artificially low figures in NPF4 would also send the wrong signals to investors and service providers 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. This is something HFS will raise with the Scottish Government in our own response to the current consultation.

Finally, HFS is happy for this letter to be included with your response to the Scottish Government consultation. We have provided initial thoughts on the initial default estimates to those authorities who have sought one and will do the same for all remaining authorities in whose areas our members have an interest. We are in the process of sending responses to a small number of outstanding stakeholder consultations on proposed locally adjusted estimates.

For the avoidance of any doubt HFS has not, at the time of writing, been able to endorse the locally adjusted estimates produced by any authority. In most cases this is primarily a reflection of the timescales and constraints of the process rather than local authorities seeming comfortable with the figures on hand or the options available to them. For similar reasons, HFS has not been able to formulate recommended locally adjusted estimates of our own.

We are seeking to identify where individual authorities have got to in their thinking as the 4 June deadline approaches. HFS would be grateful if local authorities could copy us in on your response to the Scottish Government. If there is anything further you would like us to review, particularly any references to HFS, please contact me directly.

Yours sincerely

Tammy Swift-Adams

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