

Mark Laird
Stirling Council

01 June 2021

By email only

Dear Mark

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

Thank you for discussing the above with Homes for Scotland (HFS) and for consulting us on your proposed response to the Scottish Government. This letter is consistent with our correspondence with other local authorities throughout this exercise, but we have sought to pick up key points from your paper. We have also provided an annotated version of your draft response, with some comments for consideration and with an HFS stance in the places you have sought one.

All local authorities received a set of resources from HFS in April that we hope will help you consider your desired delivery levels and corresponding HLRs. In this letter we have added some locally specific information. We have omitted references to the HFS modelled national figures because, as discussed and agreed, a model based on 2019 completions does not work for authorities such as Stirling Council where local completions in that year were comparatively low.

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

- We believe the Scottish Government's **existing household need counts** are too low. Detailed information, and potential solutions, are included in the second of the four papers which we issued to Councils this week (overcoming HNDA limitations).
- 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. Again, detailed information, and potential solutions, are included in the second of the four papers which we issued to Councils this week (overcoming HNDA limitations).
- We accept the Scottish Government's **flexibility allowance** levels.

As above, as a generality and certainly at the pan-Scotland level, HFS has warned against the use of the 10-year completion levels as the comparison point for the Scottish Government's initial default estimates. That approach takes Scotland halfway back to the depth of the post-global financial crisis recession, so does not serve the policy objective of increasing housing delivery. We recognise, however, that whilst Scotland as a whole (and many individual authorities) has been steadily recovering its delivery levels and reached a post-recession delivery peak in 2019 (22,596 homes delivered), this is not the case for every local authority. Stirling Council is an example of an authority

with comparatively very low completions in 2019. The Scottish Government figures should therefore be more usefully considered against the Council's future ambitions for recovering its delivery levels and achieving positive policy outcomes.

Turning to the initial default estimates for Stirling:

Existing Household Need Count

HFS would support significant upward adjustments of the initial default estimates of need and demand as they do not support the objective of increasing housing delivery, or wider policy objectives. The HFS paper on overcoming HNDA limitations (as previously circulated) identifies reasons why the Scottish Government existing need counts have come out so low. The primary issue is the very narrow definition of existing household need. The Scottish Government only counts:

- homeless households in temporary accommodation; and
- households of more than 1 person which are both overcrowded and concealed.

Table 2 gives examples of other types of existing household need that the HNDA toolkit does not acknowledge or attempt to count, and which local authorities may wish to make provision for in their locally adjusted estimates. In discussion you and your colleagues indicated a sympathy with other types of household need, but you were how this might be captured within the timescales of the current consultation exercise. In your draft response you indicate this work could potentially be built into your next HNDA. Towards the latter end of the current consultation HFS has become aware of some other local authorities that already have household survey work in hand and so can use it to inform their NPF4 figures. HFS believes all local authorities should be supported in getting to a shared level of evidence and this will be picked up in our own response to the Scottish Government.

Table 2: Households Excluded from the HNDA Existing Household Need Count

Type of Existing Household Need	Description and Example
An overcrowded (but not concealed) household.	A household living in a home that has too few bedrooms for the family members (for example a family with a boy and a girl but only 2 bedrooms).
Households that are concealed (but not overcrowded).	A household that wants but does not have a home of their own (for example a young family living with grandparents).
Single person households in need (even if both overcrowded and concealed) (e.g. adults living in HMOs or with friends / parents / other relatives).	For example, an adult son or daughter forced by circumstance to be still living with a parent. If they wanted to form a home with a partner they would be 'counted', as a single person they are not.
Those living in homes that are physically unfit .	For example, a family living in a home with very poor condition roof / walls / ceiling.
Households in homes that are not affordable to them.	For example, a family that is struggling financially and spending more than 50% of their income on housing costs.
Households in unsuitable homes.	For example, a family with children living in a home with no private outdoor space.

Newly Forming Households Estimate

We have also suggested that local authorities increase the estimate of newly forming households. This component of the initial default estimates uses the principal projection from the 2018-based household projections. The projections assume a continuation of past trends, irrespective of any changes to policy or wider circumstances. The NRS itself acknowledges the limitations of its projections, and states that they are not policy-based forecasts of what the Scottish Government expects to happen. We are also concerned that the projections have, in the past, proven to be poor predictors of what happens in practice.

Rather than simply accepting the estimate of newly forming households that has been provided by the Scottish Government, HFS considers that local authorities should look at the full range of projections, from low through the default 'principal projection' to high. Using the higher projections could help compensate for the inherent issues with relying on the projections as forecasts.

Policy Thinking

As well as the HNDA paper already mentioned, the resources distributed this week include a paper on Policy Thinking for Locally Adjusted Estimates. We would urge Stirling Council to look again at the potential risks that very low NPF4 MATHLRs would post to your future planning for housing at LDP level, and efforts to achieve positive policy outcomes for your area.

We very much hope this letter, and the more detailed information in the resources which we shared earlier, help 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 or the wider resources 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 Stirling has been granted an extension, please let HFS know as this could provide scope for more joint working and consensus-building.

As we made clear in the set of resources we circulated in April, 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 draft response with HFS for comment. 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

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