

## **SPF response to City of Edinburgh Council's Developer Contributions Supplementary Guidance Submitted on 17 September 2024**

### Part 1: Introduction and Purpose

1 Is our explanation for the need and purpose of Developer Contributions clear?

Yes

Do you have any comments?:

We agree with the explanation given for Developer Contributions - the need and purpose of these contributions as established by s75 obligations are well known and understood. We agree too with including this in a spatial strategy so that the developers know what infrastructure they will be expected to contribute towards. But we do have concerns with the overlapping of contributions with the Infrastructure Levy Scotland and indeed the scope of infrastructure contributions anticipated by the Developer Contributions Supplementary Guidance (DCSG).

### Managing New Infrastructure

2 We have set out principles for the Council's approach to managing new infrastructure. Do you agree with these?

Yes

Do you have any comments?:

We can agree with the principles identified but we have significant reservations about the scope, consistency and relevance of the methodology used in the SG. In broad terms, SPF has generally supported an infrastructure-led approach to planning. While we agree therefore with the principles espoused by the City's draft guidance there will inevitably be uncertainty on a case-by-case basis. We recognise that the key analyses on whether a development impact on infrastructure can be accommodated, or requires mitigation or new investment will be intrinsically linked to the relevant evidence base and it is possible this may be disputed. In addition, the city will need to be acutely aware of the need for efficient decision making given the significant increase in costs associated with infrastructure delays.

The guidance's methodology, particularly in Section 4 relating to transport and education infrastructure,

assumes that future infrastructure costs are predictable. However, with fluctuating construction and labour costs, the final contributions could escalate significantly. We have seen this in recent years. The lack of a robust mechanism for capping or adjusting contributions to account for market volatility increases financial risk for developers, especially those working on multi-phase or long-term projects. Investors and developers need to be able to secure financing based on known costs, not potential increases.

What types of infrastructure, what type of development it applies to and any exceptions

3 Do you agree with the proposed approach to what infrastructure type applies to which type and scale of development?

Yes

Do you have any comments?:

Yes, in principle we agree with the Council's proposed approach to infrastructure type and development type. It is logical that certain types of development are excluded from certain infrastructure contributions where occupiers would not directly benefit from the types of infrastructure proposed.

Relationship with Action (Delivery) Programme

4 Do you agree with the stated relationship between the Supplementary Guidance and the Action Programme?

Don't know/ Not applicable Do you have any comments?:

The consultation identifies that the Supplementary Guidance (SG) will be regularly reviewed and will therefore inform and influence the statutory action (delivery) programme which the consultation notes must be updated and reviewed with Scottish Ministers every two years. This underlines the importance of a transparent methodology supporting the SG to properly amend the action programme as required and by extension, identify any potential overlaps with the intended Infrastructure Levy that Scottish Ministers are establishing for implementation before July 2026. This makes this Developer Contributions Supplementary Guidance (DCSG) a critical document.

5 Do you agree with the proposed approach to the preparation of subsequent Delivery Programmes in relation to developer contributions?

Not Answered

Do you have any comments?:

We agree with the steps laid out in terms of identifying the infrastructure requirements of a development and the process of how this is assessed for cumulative purposes. The concern we have is the time that the process might take and whether there is any requirement for committee decision making during this process.

#### Contribution Zone approach

6 Do you agree with the explanation regarding the use of 'contribution zones'?

Don't know/ Not applicable Do you have any comments?:

In principle we agree with this approach. This should allow for a more strategic assessment of infrastructure contribution demands and a more even distribution of costs between developers. The city may need to allow some flexibility to the contribution zones to account for unexpected events, for example should a contractor or developer go out of business in part of a zone.

The city will also need to be aware that not all developers may see the specific relevance of contribution zone demands. This will need to be handled carefully and take into account developer circumstances. SME developers for example could be expected to be less able to make a range of contributions.

#### How the infrastructure requirements can be reviewed?

7 Do you agree with the outlined approach to how the infrastructure requirements, set out in the guidance, can be reviewed and updated?

Yes

Do you have any comments?:

While in theory we can broadly agree with the spatial strategy and the formation of cumulative impact zones based on relevant services using a comparator matrix in order to support clarity, predictability and fairness of developer contributions, they should also be proportionate to development. As established in the The Elrick Supreme Court judgment, 2017, the s75 contributions should be relevant to the development.

Also, while we do agree and acknowledge the proposal for regular reviews and updates with action programmes, and that the payments & requirements should be updated according to relevance. But we must also ensure that developers do not become 'bounced' with unexpected and significant demands for enhanced contributions. With long term development projects in mind, we would underline the need for certainty in order to retain investor confidence.

#### Viability and Funding Mechanism

8 Do you agree with the Council's approach to assessing viability?

Not Answered

Do you have any comments?:

We appreciate the council's approach in the SG to assessing viability and consideration of the cost of preparing land for development and infrastructure. But there needs to be more acknowledgement on wider market conditions – inflation, cost of construction and labour, and additional developer taxes such as the impending Infrastructure Levy Scotland and Building Safety Levy. And wider policies such as rent control for residential developments or indeed the Council's own policies on vacant nondomestic rates charges that have to be initially considered in the development cost which can make a project unviable if values do not stack up to provide a return. The council should also consider some of these projects are long term, requiring patient capital investment and are likely to take several election cycles to complete during which markets can change. The council should therefore assess the viability of its proposed rates for various scenarios (e.g. changes in the economy) which may occur over the period in which its s75 charging schedule will apply and be prepared to be flexible to respond to changing financial and economic factors. With fluctuating construction and labour costs, the final contributions could escalate beyond all expectations. The lack of a robust mechanism for capping or adjusting contributions to account for market volatility increases financial risk for developers, especially those working on multi-phase or long-term projects. Investors and developers need to be able to secure financing based on known costs, not potential increases.

9 Do you agree with the Council's approach to funding mechanisms?

Not Answered

Do you agree with the Council's approach to funding mechanisms?:

Overall, we do agree with the Council's approach to funding options supported by developer contributions, capital budgets and external bids. While we understand the Council aim to keep contributions proportionate to the development, we are informed by our members that some sites are simply unviable with the current level of contributions expected from them. It is important that infrastructure needs remain realistic and responsive and fully take into account viability.

Legal Agreements and use of monies

10 Do you agree with the Council's approach to the use of legal agreements to secure contributions?

Yes

Do you have any comments?:

It will be important to ensure that the process of legal agreements is clear and does not get stalled by delay. However, in general terms we agree with the notion of legal agreements being used to specify developer contributions. Again, a key concern for developers entering such legal agreements will be how the city's plan for infrastructure contributions will align and not duplicate the Scottish Government's plans for an Infrastructure Levy Scotland.

11 Do you agree with the proposed timescales/timings for the payment of contributions?

No

Do you have any comments?:

We agree that there should be certainty on the payment timeline, but the guidance mentions staged payments or phased contributions but does not provide clear rules on when payments are due during different project phases (e.g., pre-construction, mid-construction, post-completion). This unpredictability, especially in relation to large projects, could place additional financial strain on developers, disrupting cash flow and financing models. Without clear timelines and amounts due, developers may face delays in securing necessary funding or incur penalties.

There is also an issue whereby rental investments such as BtR and PBSA are supported by rental income where the return on cost will be slower than capital receipts, so stages such as project completion or first occupier moving in can trigger a large payment with possibly limited income achieved depending on the investor/developer profile. This raises issues about how completion and/or occupation is defined for commercial developments. If the final calculation is made on occupation, for a commercial building that may take years to occupy, what level of occupancy will be considered?

12 Do you agree with the approach to secure land for schools?

Don't know/ Not applicable

Do you have any comments?:

The approach does provide a useful and flexible mechanism for the value of land and costs of preparing the site to be credited against their overall contribution which in some instances will be beneficial for developers who have the land or are able to acquire it. While we understand the need for a consultation process to confirm the sites appropriateness for a school, our main concern is around the time it will take for the council to confirm the site for a school. The lack of clear deadlines will create uncertainty for developers potentially impacting on their cash flow and overall project delivery.

13 Do you agree with the Council's proposal to continue to collect contributions?

No

Do you have any comments?:

In principle we could agree with a contribution zone approach - the city has done this before with the tram investment to a degree. Developers would wish to see the contributions being ring-fenced to that area as it will be directly beneficial for the development.

We still think there is a greater need for transparency. As mentioned in section 1.32 if the monies are not spent within the stipulated period of underpaid, it can be asked to be repaid but there should be transparency of these funds and easier refund mechanisms.

In Section 6, the guidance outlines various infrastructure needs (e.g., schools, transport, and green spaces), but the method of applying these contributions across developments seems inconsistent. Developers may be required to contribute to infrastructure unrelated to their specific project or where the benefit is diffuse (e.g., city-wide transport improvements). This issue raises concerns about fairness and proportionate contributions, especially when smaller developments could be disproportionately impacted.

14 Do you agree with the Council's proposal that contributions are forwarded onto relevant service providers?

Yes

Do you have any comments?:

Yes, as long as delivery is guaranteed. The relevant project should be assessed as well to see if it can generate its own revenue. If so then the contribution should be mitigated or go towards another action in the zone.

15 Do you agree with the Council's proposed approach to indexation?

Not Answered

Do you agree with the Council's proposed approach to indexation?:

Developers will be familiar with the BCIS index and therefore this can add to the transparency of the SG. We agree land could be held as part of legal agreements - as explained in the DCSG this allows for the phased delivery of schools or other facilities over time as a development grows and evolves. However, this must remain under review for the viability of the educational facility and associated development proposal. If factors mean the proposal is no longer certain, or will be delayed due to connected infrastructure delays, then there should be conditions that ensure the land does not in effect end up derelict.

16 Do you agree that contributions can include the cost of borrowing and servicing of debt that the Council has had to secure in order to deliver the infrastructure in advance of the majority of developer contributions being paid?

Yes

Do you have any comments?:

This can support collaborative approaches to delivering development. We see no reason not to include contributions towards debt as a possible form of contribution. But contributors will need to know the basis and parameters of the debt arrangement in relation to their own contributions.

17 Do you agree with the proposed approach to repayment?

Not Answered

Do you have any comments?:

Provisions for repayment can lead to dispute currently and we support ensuring a transparent and clear basis for setting out where monies should be returned (due to non-delivery of infrastructure in particular). We would be concerned therefore these provisions are clearly defined and operated for the purposes of individual developer contributions. It is not clear to us from the draft SG that this is the case.

18 Do you have any other comments on Part 1 : Introduction and General Principles of the draft Supplementary Guidance?

Do you have any comments?:

We reiterate our earlier responses that assert while we do understand the purpose and need for developer contributions to cover the costs of infrastructure, the expected contributions must be fair and proportionate, and not stifle investment. The cumulative impact of recent legislation such as rent controls, Passivhaus, NPF4 as well as the potential for new levies including an Infrastructure Levy and Building Safety Levy, is placing increasing strain on the development community. These additional layers of regulation add complexity, reducing the attractiveness of Scotland as a place for investment, and so we ask the Council to be mindful of the wider regulatory context.

Part 2: Education

19 Is our explanation for the need and purpose of seeking Developer Contributions for Education Infrastructure clear?

Yes

Do you have any comments?:

Yes, it is understandable that new residential development will result in higher demand for education infrastructure and that developers will be required to contribute towards the costs. However, their contributions must be proportionate and realistic in terms of viability, or excessive demands could risk the development from going ahead. When viability is a challenge, the Council should carefully balance the wider benefits and need for the development with a view to seeking alternative funding sources to bridge the funding gap. Of particular concern to us is the significant infrastructure requirement for West Edinburgh

where some 10,000 new homes are planned. Given the high levels of investment at stake, we believe this site is of national importance, and therefore support from the Scottish Government may be necessary to fulfil some of the infrastructure obligations.

Methodology to consider the impact on education infrastructure

20 Is our explanation of the methodology to consider the impact on education infrastructure clear?

No

Do you have any comments:

The document does not provide the formula for calculating the Pupil Generation Rate, it would be helpful to know how this is calculated. The Supplementary Guidance does not account for variable costs such as inflation, project size or future infrastructure needs that will need to be considered into final costs. Lack of certainty over costs makes it difficult for developers to predict their financial obligations early in the planning process, making it difficult to assess viability. There is also no consideration of the impact of overlapping contributions, for instance the potential of the Infrastructure Levy to be introduced in addition to the DCSG. Without careful planning, both funding mechanisms could result in duplication of the same type of infrastructure.

The DCSG must provide clearer, more predictable methods for calculating contributions and ensure consistency in application across all developments. As stated before, a transparent, phased approach to payment schedules would also reduce the financial burden on developers and ensure that contributions are proportional to the direct impacts of each development.

Per Unit Rate Formulas

21 Do you have any comments on the per unit rate calculations for each zone (where your comments relate to a specific zone, please make this clear)?

Do you have any comments on the per unit rate calculations for each zone (where your comments relate to a specific zone, please make this clear)?: Referring to the previous answer (Q26), we are unclear about the basis of the identified PGRs.

It is unclear what the minimum number of flats/houses in a site to generate at least one primary school. Also, we are concerned at the potential for highly significant overall contribution costs and we consider that there should be a cap on total contributions in each zone.

22 Do you have any comments on the education contribution zones as shown in Appendix 1 (where your comments relate to a specific zone, please make this clear)?

Do you have any comments on the education contribution zones as shown in Appendix 1 (where your comments relate to a specific zone, please make this clear)?:



These represent significant expectations from developers within the zones and this could put into question the viability of housing delivery in strategic growth areas. As well as reviewing the levels of contribution it will be important to recognise these contributions need to be phased.

#### Apportioning the costs of delivering new infrastructure

23 Do you agree with how we have calculated sharing the cost of delivering the education provision across developments?

Not Answered

Do you have any comments (please make it clear if you are referring to a specific contribution zone/development/provision)? No, we refer to our concerns outlined in Questions 26-28.

24 Do you have any other comments on aspects of Part 2: Education of the Supplementary Guidance?

Do you have any other comments on aspects of Part 2: Education of the Supplementary Guidance?:

We recognise that public finances are under pressure but this remains the case for the private sector as well. The city will need to liaise closely with the development sector on pragmatic levels of contributions for education contributions and must also be aware of the construction cost inflation that has been especially pertinent for new schools across Scotland.

#### Transport Overview, Policy Context and Evidence Base

25 Is our explanation to the context, need and purpose of seeking Developer Contributions for Transport Infrastructure clear?

Yes

Do you have any comments:

Similar to our response on education contributions, we understand developers may be required to cover some of the costs of transport infrastructure when appropriate. Our main concern is to ensure these contributions are proportionate. We encourage the council to clearly link developer contributions and the tangible benefits they would bring to their project, in addition to guidance on how these contributions will be calculated or assessed for fairness.

#### Contribution Zones – Principle

26 What do you think about the extent of the transport contribution zones and how they relate to development in general?

What do you think about the extent of the transport contribution zones and how they relate to development in general?:

We agree with the need to ensure there are suitable transport options to reduce car reliance and the Council's proposed active travel routes seem logical given the current and potential increase in new residential development. However, there appears to be no such active travel proposal for West Edinburgh towards Corstorphine and East Craigs.

New Active Travel Contribution Zone

27 Do you agree with how we have calculated sharing the cost of delivering the transport interventions across developments?

Not Answered

Do you have any comments? Please make it clear if you are referring to a specific development/element/intervention.:

Clarity on where active travel zones will be required is welcome, and clearly there are a number of strategic areas around the Bio Quarter and the Waterfront for example that are identified. We have some reservations about the extent of some of the transport contribution zones, i.e. Redford Barracks to the city centre, and what these zones are scheduled to deliver in terms of added value and development viability.

Granton Framework

28 Do you agree with how we have calculated sharing the cost of delivering the transport interventions across developments?

Not Answered

Do you have any comments? Please make it clear if you are referring to a specific contribution zone/ development/intervention.: As with our other comments on section 4 we are concerned these calculations are not based on transparent methodology.

New Proposed West Edinburgh Zone

29 Do you agree with how we have calculated sharing the cost of delivering the transport interventions across developments?

Don't know/ Not applicable

Do you have any comments? Please make it clear if you are referring to a specific contribution zone/development/intervention.:

A strategic extension of the city of this kind over a significant period of time can be expected to see change in transport demands as developments are brought forward at different stages and indeed, wider policies affect transport modes. The proximity and impact of these developments to transport infrastructure improvements must be considered in determining the proportion and pace of contributions. It is not clear from the draft DCSG that this has been achieved.

Shared mobility (Car Sharing Schemes and Mobility Hubs)

30 Do you agree with how we have calculated sharing the cost of delivering the transport infrastructure for shared mobility across developments? Please make it clear if you are referring to a specific contribution zone/development/intervention.

Do you agree with how we have calculated sharing the cost of delivering the transport infrastructure for shared mobility across developments? Please make it clear if you are referring to a specific contribution zone/development/intervention.:

Broadly, we agree with shared mobility infrastructure but some networks need further clarification on what they will deliver. The proximity of mobility infrastructure from a development is of importance to prove the necessity of contributions towards them.

Car Sharing Schemes

31 Do you agree with that we should only include the cost of delivering Electric Vehicles and their associated infrastructure?

Yes

Do you have any comments?:

Yes, for this type of infrastructure investment, contributions should be prioritised towards electric vehicle infrastructure. We believe there is a case for assessing the outcome of the car sharing schemes that have been introduced. In theory we think that as shared car and clubs are privately owned that therefore these providers should be in a better position to invest in their own infrastructure. It should be up to the discretion of both the developer and private 'car club' provider to arrange the provision of these schemes on site. This suggests the DCSG should focus more on EV infrastructure given the renewed focus of the UK Government in expanding the use of EVs after 2030.

We do, however, see the need for an expansion of streetside EV points, and this is a type of infrastructure that developers could be more willing to contribute towards. Lamppost / bollard charging points that fit in with existing street furniture could be installed to meet the increased needs for EV points while providing

necessary street lighting / safety measures.

Tram

32 Do you agree with how we have calculated sharing the cost of delivering the tram infrastructure across developments?

Don't know/ Not applicable

Do you have any comments? Please make it clear if you are referring to a specific contribution zone/ development/intervention.:

We welcome the ambition to extend the tram link and acknowledge the benefits of improved access to travel. However, we realise tram expansion does involve significant costs where we are aware that some sites are currently stalled or at risk of not going ahead – we must ensure the expected developer contribution towards tram infrastructure is not simply unaffordable.

We urge the Council to consider whether to prioritise accelerating housing delivery or continue searching for a developer capable of making sites viable under the current contribution requirements. There may be some instances where a trade-off or concession on contributions is necessary to promote the delivery of urgently needed housing.

As mentioned previously, the guidance assumes that infrastructure costs are predictable. Given the recent rises in inflation, we urge caution with this approach, as it is challenging to determine how infrastructure costs may change over time. We urge the council to consider a mechanism for capping or providing flexibility to contributions, especially those working on multiphase or long-term developments.

Traffic Regulation Orders (TRO) and Land costs

33 Do you agree with the Council's proposal to collect contributions for these elements?

Not Answered

Do you have any comments? Please make it clear if you are referring to a specific contribution zone/ development/intervention:

Bus Infrastructure

34 Do you agree with the Council's proposal to seek contributions towards subsidising bus infrastructure?

Not Answered

Do you have any comments? Please make it clear if you are referring to a specific contribution zone/ development/intervention:

Many developers are experienced with contributions to support active travel and subsidise bus routes to support connectivity and transport infrastructure. If proportionate, we expect developers will work co-operatively with these arrangements.

#### Existing Transport Contribution Zones

35 Do you agree with the Council's proposal to retain the contribution zones for legacy housing sites?

Not Answered

Do you have any comments? Please make it clear if you are referring to a specific contribution zone/development/intervention:

The emphasis must be on bringing forward these housing sites and securing a pragmatic, and effective, developer contributions policy that will support housing delivery.

36 Do you have any other comments on Part 3: Transport of the draft Supplementary Guidance?

Do you have any other comments on Part 3: Transport of the draft Supplementary Guidance?:

As noted in opening remarks the method of applying these contributions across developments seems inconsistent. Developers may be required to contribute to transport infrastructure unrelated to their specific project or where the benefit is diffuse (e.g., city-wide transport improvements). This raises major concerns about fairness and proportionate contributions, especially when smaller developments could be disproportionately impacted.

#### Healthcare Overview, Policy Context and Evidence Base

37 Is our explanation to the context, need and purpose of seeking Developer Contributions for Healthcare Infrastructure clear?

Not Answered

Do you have any comments?:

We broadly agree with the context and need for contributions towards healthcare infrastructure as mentioned in the Developer Contributions Supplementary Guidance (DCSG). We also agree with the mention of annual review of Action Programme and subsequent delivery programme, this should also consider the modernization of healthcare including the use of online appointments and consultations with doctors which can over a period of time change delivery costs.

#### Apportioning the costs of delivering new infrastructure

38 Do you have any comments on the healthcare contribution zones? Please make it clear if you are referring to a specific contribution zone/ development/intervention.

o you have any comments on the healthcare contribution zones? Please make it clear if you are referring to a specific contribution zone/ development/intervention.:

39 Do you agree with using the per patient cost to calculate a proportionate cost towards delivering healthcare infrastructure?

Not Answered

Do you have any comments?:

40 Do you have any other comments on aspects of Part 4: Healthcare of the draft Supplementary Guidance?

Do you have any other comments on aspects of Part 4: Healthcare of the draft Supplementary Guidance?:

Part 5: Green-Blue Infrastructure (Green Blue Network and Public Realm) Green- Blue Infrastructure Overview, Policy Context and Evidence Base

41 Is our explanation to the context, need and purpose of seeking Developer Contributions for Green Blue Infrastructure clear?

Don't know/ Not Applicable Do you have any comments?:

We understand and appreciate the diverse range of impacts of investing in Green Blue infrastructure including the wellbeing and biodiversity benefits as well as climate adaptation improvements. However, in Section 5 there is little explanation on how closely financial contributions are tied to their specific location of the development or indeed whether developer obligations will provide any direct benefit to their site. We are concerned that this elevates risk for developers thus deterring investment, especially those on a smaller scale who will be obligated to contribute to Green Blue infrastructure but receive no clear benefit in return.

Methodology and Calculation Process

42 Do you agree with how we will assess and identify the proposals/provision required; and how we calculate the required contributions?

Not Answered

Do you have any comments? Please make it clear if you are referring to a specific contribution zone/development/intervention:

In Section 5, which discusses green-blue infrastructure and public realm improvements, there is again little explanation on how closely the developer contributions are tied to the specific location of the development. Developers may be asked to fund infrastructure that provides no direct benefit to their site, such as city-wide initiatives. The city needs to be aware that this disconnection between cost and benefit can be a significant deterrent, particularly for smaller developments or those located in peripheral areas where the improvements may have limited impact.

43 Do you agree with when contributions may be sought for additions and improvements to the Green Blue Network as set out in Part 5 of the SG?

Not Answered

Do you have any comments?:

Yes, we recognise the importance of an effective Green Blue infrastructure and in particular for the future management of flood risk. As stated in Question 48 it will be important to ensure the developer contributions are applied proportionately and relevantly. It will also be important to work with key agencies to ensure that in relation to blue infrastructure effective attenuation measures are also adopted to both enable development to be brought forward and for any associated risk to be managed responsibly.

Public Realm

44 Is our explanation to the context, need and purpose of seeking Developer Contributions for the public realm clear?

Not Answered

Do you have any comments?:

We agree with the approach of creating quality public realm. It is important for regeneration and creating a sense of place, destination and adding to the vibrancy through town centre improvement strategies and supporting the aims of the 20-minute neighbourhood policy.

45 Do you agree with the use of contribution zones for public realm?

Yes

Do you have any comments?:

Yes, if utilized appropriately.

#### City Centre Contributions Zone

46 Do you have any comments on the extent of the City Centre contribution zone for public realm that we propose?

Not Answered

Do you have any comments?:

This will depend on the overall levels of cost to be applied in accumulation with wider contributions. There may be relatively few developers active in the city centre at any one time and the size of anticipated public realm improvements is considerable.

47 Do you have any comments on the proposed per square metre rate for contributions towards public realm improvements in the City Centre?

Not Answered

Do you have any comments?:

Development values and hence viability can become more challenging in peripheral parts of the city. It may on occasion be more successful for bespoke public realm contributions to be made.

48 Do you have any comments on the proposed approach for other public realm projects outwith the City Centre?

Not Answered

Do you have any comments?:

Public realm projects may be financially harder to justify out with the city centre as they may benefit fewer people due to lower footfall. On the other hand, improvement to the public realm in peripheral areas could actually result in more meaningful enhancements to the area and even be easier to achieve where space is less limited and land possibly less expensive, leading to more opportunities for balanced urban development.

#### Open Space Ongoing Maintenance

49 Do you have any comments on the proposed approach to open space ongoing maintenance?



Yes

Do you have any comments?:

Where a development is in process and clearly owns open space, we would clearly support responsible maintenance and, vice versa if the council owns the development/land.

50 Do you have any other comments on aspects of Part 5: Green Blue Infrastructure (Green Blue Network and Public Realm) of the draft Supplementary Guidance?

Do you have any other comments on aspects of Part 5: Green Blue Infrastructure (Green Blue Network and Public Realm) of the draft Supplementary Guidance?:

The city will need to monitor how well developers are able to cover the scope of contributions sought as well as the pertinence of green blue infrastructure for certain locations and types of development.

Addendums

51 Do you have any comments on the Council's analysis that the contributions sought comply with the Planning Obligations Circular 3/2012 (see all addendums)?

Not Answered

Do you have any comments (where your comments relate to a specific zone, please make this clear)?:

The only comment is that we urge the city to not be too prescriptive with the contribution zones. The proposals for payment trigger points and repayments should also be addressed further. There must be consideration for SME developers as well, any contributions should be proportionate for them, or indeed exempt them from contributions where applicable. We must also take into account the impending new Scottish Government Infrastructure Levy as it develops and not overlapping infrastructure projects. The potential for overlap of the ILS with existing planning obligations is significant and this is a core concern for the property industry.

Format of Supplementary Guidance

52 We know that the draft Supplementary Guidance contains a large amount of information. Do you have any thoughts on how the final version could be improved to help you access the relevant information?

We know that the draft Supplementary Guidance contains a large amount of information. Do you have any thoughts on how the final version could be improved to help you access the relevant information?:

We have noted that there appears to be a lack of transparency on cost methodology and this should be addressed in the final DCSG.

## Conclusion

53 Do you have any other comments that have not been covered?

Do you have any other comments that have not been covered?:

Overall, we are concerned that the uncertainties outlined in our earlier replies create significant financial risks and discourage investment. The DCSG must provide clearer, more predictable methods for calculating contributions and ensure consistency in application across all developments. A transparent, phased approach to payment schedules would also reduce the financial burden on developers and ensure that contributions are proportional to the direct impacts of each development. For example, the guidance mentions staged payments or phased contributions but does not provide clear rules on when payments are due during different project phases (e.g., pre-construction, mid-construction, post-completion). This unpredictability, especially in relation to large projects, could place additional financial strain on developers, disrupting cash flow and financing models. Without clear timelines and amounts due, developers may face delays in securing necessary funding or incur penalties.

Our members feel that not only is the scope of contributions expected to be challenging for the industry to accommodate, but that some of the charging mechanisms appear inconsistent. Neither does the SG appear to recognise the essential issue of cashflow for the private sector. If a business runs out of cash then it is not likely to last and if demands for contributions are not managed sensitively then this could put businesses and projects at risk of non-delivery. These issues will need to be discussed on a case by case basis.

Added to this, the potential introduction of the Infrastructure Levy alongside Edinburgh's DCSG could lead to a significant increase in development costs, adding uncertainty and complexity for property developers and investors. Careful coordination between the national and local requirements will be essential to avoid duplication and ensure that contributions are proportionate, transparent, and aligned with the actual infrastructure needs of each development. Without this coordination, the combined impact of these charges could slow down property development, affect land values, and reduce housing supply in key areas.

In summary our core concerns with the DCSG relate to:

- **Overlapping Contributions:** There is a potential for overlap between the Infrastructure Levy and the DCSG. For example, both mechanisms could require contributions toward the same type of infrastructure (e.g., schools or transport). This could lead to developers being charged twice for infrastructure that benefits the broader community but is not directly tied to their specific development. Without careful coordination between local authority requirements and the national levy, this duplication could discourage investment in property development.

- **Uncertainty in Total Costs:** If the Infrastructure Levy is applied on top of developer contributions, it introduces further uncertainty about the total financial outlay for a project. Developers need to budget for both local authority contributions (set out in the City Plan 2030 and Supplementary Guidance) and the new levy, which could fluctuate depending on regional infrastructure needs. The lack of a clear, predictable framework for calculating both charges would make it challenging for developers to assess project costs early in the planning process, increasing financial risk.
- **Potential Impact on Housing Supply:** The combined financial burden of the Infrastructure Levy and developer contributions could reduce the incentive for developers to pursue housing projects, particularly affordable housing, which often operates on lower margins. This could potentially hinder the Scottish Government's own goals of increasing housing supply to meet demand, particularly in key urban areas like Edinburgh, where infrastructure costs are already high.