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SPF Consultation Response

Implementation of NPF4

Submitted on 7 March, 2025

SCOTTISH PROPERTY FEDERATION

The Scottish Property Federation (SPF) is the voice for the real estate industry in Scotland. As a part of the wider British Property Federation, we include among our members: property investors, including major institutional pension and life funds; developers; landlords of commercial and residential property; and professional property consultants and advisers. Our members build Scotland's workplaces, homes, shops, schools and other facilities and the infrastructure that serves them. Our industry is therefore a core component of the Scottish economy.

CONSULTATION SUMMARY

We would like to thank the Scottish Parliament's Local Government, Housing and Planning committee for the opportunity to respond to this consultation on implementation of National Planning Framework 4.

Our response focuses on issues highlighted by our members over the course of two years since NPF4 has come into force, and we have fed most of the issues mentioned in this response to the Scottish Government by various formal consultations, roundtables and meetings. Our response is categorised in 5 sections:

1. Policy Interpretation and Guidance
2. Standardisation of Applications and Fees
3. Resource Constraints in Planning Authorities
4. Housing Land Release and Policy Alignment
5. Balancing Development with Environmental Interests

The response below expands on these key issues that pose as limitations to our current planning system causing delays in processing applications and impacting development viability.

If you have any questions about our response or would like to discuss any of the points, please contact us at spf@bpf.org.uk.

OUR RESPONSE

The National Planning Framework 4 became a part of the Development Plan and replaced NPF3 & SPP (Scottish Planning Policy) on 13 February 2023. The plan is very ambitious and addresses spatial and thematic national policy in one place for the first time, which can be helpful in providing for a national direction to policies and planning as well as sets regional and local intent in one document. In practice, this was not as straight forward to adopt, this is much more complex, and the system is still struggling with this transition. Based on engagements with our members, we have identified the following key issues:

1. Policy Interpretation and Guidance:

The implementation of NPF4 has resulted in significant disparities in policy interpretation across Scotland's planning authorities, leading to inconsistent application determinations and prolonged delays. For example, Dundee City Council has introduced a structured approach to policy application, ensuring greater clarity for developers.

However, across Scotland, the absence of a standardised national approach to interpreting key NPF4 policies means developers face uncertainty regarding how different authorities will assess their proposals. To address this, we recommend:

- Mandating the use of Processing Agreements for all major applications, ensuring that early discussions help clarify policy application and expectations.
- Developing a national interpretation framework for NPF4, drawing on case law precedents and planning appeals to provide greater consistency in decision-making across authorities.
- Standardising Committee Reports, requiring planning authorities to justify any interpretation of NPF4 that diverges from established precedent, ensuring predictability for applicants.

2. Standardisation of applications and fees:

The need for standardisation extends beyond policy interpretation to include planning fees, application processing times, and local authority service delivery. Currently, planning authorities have discretion in setting fees for pre-application services, but the service provided is not always guaranteed. This has resulted in significant fee variations across Scotland, with some local authorities charging substantially higher pre-application fees and excessive condition discharge costs, deterring investment.

For example, fees for discharging planning conditions can vary by as much as 100% between authorities, creating unnecessary financial uncertainty for investors. Furthermore, the cumulative costs of additional assessments—such as Environmental Impact Assessments (EIAs), Health Impact Assessments (HIAs), economic and transport assessments and contributions to Scottish Water—often far exceed planning application fees, adding substantial risk to developments.

At the same time, recent Scottish Government planning performance statistics highlight that major and local applications are taking longer to determine than in previous years. Delays in decision-

making not only increase development costs but also create uncertainty for investors and housing providers, further compounding Scotland's housing and infrastructure challenges.

To address these issues, we recommend:

1. Introducing a nationally standardised planning fee structure, covering pre-application advice and planning condition discharge to ensure fairness and predictability.
2. Limiting discretionary charging by requiring a centrally approved fee structure for specific services, such as in-person meetings with planning officers, site visits, and condition discharge approvals.
3. Ensuring that planning fees correlate with service delivery, with authorities required to meet agreed performance standards in exchange for higher fees.
4. Setting clearer performance expectations for planning authorities, ensuring that delays in processing applications are reduced through better resource allocation and increased reinvestment of planning fees into planning services.
5. The prospective use of Regional Spatial Strategies or how to deal with situations where there are overlaps with planning and other regimes

A nationally consistent and transparent fee structure, alongside performance monitoring, will help remove regional disparities, reduce unnecessary delays, and provide greater certainty for investors and developers across Scotland.

3. Resource Constraints in Planning Authorities: For effective implementation of NPF4 there is need adequate resources and skills within planning departments. However, we are aware local authorities are already strained on capacity and resources, these are coupled with requirements from NPF4 to upskill the staff to learn green skills, health impact, biodiversity net gain assessments, whole-life carbon assessments, socio-economic impacts etc. strained local planning authorities, potentially affecting the efficiency of the planning system. These have severely impacted the timely delivery of planning services and increased workload.

SPF's members have been pushing to reinvest planning fee income back into the planning service as a crucial step to enhance resources and service delivery. Investment in skills and capacity are essential to delivering on NPF4's ambitions and ensure an efficient and responsive planning system. There is space in the Verity House agreement (between COSLA and the Scottish Government which ostensibly sets out to guard local authority autonomy) to shoehorn in an appropriate mechanism. There can be a standardised form of monitoring how planning fees are disbursed in Councils – this would also assist in understanding the impact of different fee charging models and improving them.

4. Housing Land Release and Policy Alignment:

NPF4 has significantly constrained housing land availability, as demonstrated by the Mossend Court of Session decision (May 2024). The ruling confirmed that NPF4 policies take precedence over local development plans, limiting the ability of local authorities to approve housing on non-allocated sites, even where a demonstrable housing need exists.

This has led to:

A legal and procedural disconnect between NPF4's policy intent and local housing delivery strategies.

A rise in land values due to constrained supply, with a recent Savills report indicating a 6.7% increase in land values in Scotland, compared to a UK average of 1.2%.

A four-year policy vacuum, as many Local Development Plans (LDPs) are not expected to be in place until 2028, creating a significant risk of housing delivery stalling.

To ensure that housing delivery is maintained while new LDPs are being prepared, we urge the Scottish Government to:

- Increase the Minimum All-Tenure Housing Land Requirement (MATHLR) by 30% to reflect actual demand.
- Issue transitional guidance permitting local authorities to approve housing on sustainable, deliverable and viable non-allocated sites, where a clear shortfall exists and the proposals align with NPF4's broader policy objectives.
- Clarify the weight given to existing LDPs vs NPF4 in housing land appeals, ensuring a more balanced approach to decision-making.

5. Balancing Development with Environmental Interests: this point also expands on point 1, there have been incidents highlighted that there is not enough guidance provided to direct statutory bodies in making their recommendations to planning authorities. Members have raised concerns over difficulties that have arisen where NPF 4 policies indirectly touch on other regulatory controls (e.g. Policy 3 biodiversity net gain requirements are imposed but there is no BNG regime in force in Scotland and the English guidance does not always apply – this causes confusion and creates an environment where decision-makers err on the side of overcompliance and inadvertently frustrate development.

This can at times create situation in which statutory consultee advice that might make no firm recommendation to an authority but incurs sufficient doubt in the mind of the authority that it feels compelled to take a negative approach to a development proposal. And/or, may continue to give holding objections as authority and agency alike are simply too risk averse to make a firm proposal or decision.

In respect of NPF4 Policy 22 (Flood Risk and Water Management), SEPA's current approach to flood risk assessment, particularly its reliance on extreme RCP8.5 climate projections to 2104, is resulting in overly cautious flood risk classifications. This is leading to viable development sites being unnecessarily restricted, even in cases where proportionate mitigation measures could address potential risks.

NPF4 Policy 22 (Flood Risk and Water Management) recognises the importance of balancing climate resilience with Scotland's economic and housing needs. However, SEPA's current flood risk advice often does not reflect the policy's flexibility, particularly where adaptation and mitigation measures are feasible.

We urge SEPA to take a more pragmatic approach in advising planning authorities, ensuring that flood risk assessments:

- Fully consider site-specific mitigation measures, rather than applying blanket risk classifications.
- Recognise the role of managed adaptation, including sustainable urban drainage systems (SUDS) and flood storage areas.

- Work within the intent of NPF4 Policy 22, balancing climate resilience with the need to unlock sustainable development opportunities.

By ensuring that flood risk advice is proportionate and reflects both risk and mitigation potential, SEPA can support development while maintaining robust environmental protections.

CONCLUSION

To ensure the successful implementation of NPF4 and address the challenges outlined above, we propose the following key actions for the Scottish Government:

- Establish a dedicated NPF4 Review Group: This group, comprising government officials, planning professionals, and industry representatives, would assess the implementation of NPF4 and recommend adjustments where necessary.
- Mandate biannual reporting on NPF4 impacts: This would require local authorities to publish data on application processing times, housing delivery rates, and infrastructure investment, ensuring transparency and accountability.
- Introduce statutory guidance on balancing environmental constraints with economic viability: This would help ensure that climate resilience policies under NPF4 do not unduly constrain development opportunities.
- Develop a Scottish Planning Skills Fund: Providing funding to recruit and train planners in specialist areas such as climate resilience, biodiversity net gain, and digital planning tools. We understand Ministers are considering a skills and recruitment campaign and indeed the Budget affirmed some investment by the Scottish Government in planning, but a skills fund would be an important feature to resource specialist skillsets.
- These actions will help to streamline planning processes, improve certainty for developers, and support Scotland's wider economic and housing growth ambitions.