

SUBMISSION FROM SCOTTISH PROPERTY FEDERATION

Introduction

1. The Scottish Property Federation is a representative body for the Scottish commercial property industry. Included within our membership are commercial property developers, investors, fund managers, property owners and investors of both commercial and residential property. We are an integral part of the UK-wide British Property Federation which represents most of the UK's largest property investors, developers and professional property industry advisers.
2. According to research published at the end of 2007 the commercial property industry in Scotland was worth some 8.5% of gross value added to the Scottish economy, representing some £7.34bn in 2005.¹
3. The SPF is pleased to submit comments to the Local Government Affairs committee on the second National Planning Framework submitted to Parliament by the Scottish Government on 12th December. We are happy for our views to be made public in line with the Committee's call for comments.

Background

4. The schedule for commentary on the NPF2 to the committee has been tight. Our comments are therefore brief and informed by previous submissions to the Scottish Government on the NPF2 and recent correspondence within our membership.
5. The SPF is broadly supportive of the vision for Scotland through to 2030 that is offered by the proposed NPF and welcomes its enhanced status and scrutiny by the Scottish Parliament.
6. We agree with the strategy of seeking to build a knowledge based economy and sustainable economic growth. The NPF correctly identifies the need for major infrastructure improvements if these goals are to be realised. However, one point made by our members is that while NPF2 is very strong on pushing energy and business through Scotland there are fewer identifiable projects designed to ensure business growth and people are retained within Scotland. Instead it is assumed that improvements to infrastructure will by themselves deliver sustainable economic growth.

¹ GVA Grimley: the role and contribution of commercial property in the Scottish economy, commissioned by the Scottish Property Federation (2007)

7. The current economic reality is that previous assumptions about private sector contributions need to be scaled back. We acknowledge of course that public sector budgets are constrained and therefore we would like to see a renewed emphasis upon innovative means of funding infrastructure development that can pave the way for sustainable economic growth.
8. The Scottish Futures Trust remains a source of concern for SPF members - not on ideological grounds but simply in relation to wishing to see projects initiated. But there are other opportunities for innovative funding that must be considered and it could be that the larger local authorities are in a better position to initiative such funding mechanisms given their ability to make use of existing powers for prudential borrowing. In particular the SPF supports the exploration of whether a form of tax increment financing² can be made to work in Scotland:

Specific comments

- We have little dispute with the aspirations of NPF2 but because of funding issues we are concerned about the feasibility of delivering all of the identified national developments. The recent and very public dispute between the Scottish and UK Government over the building of the new Forth Road Bridge increases our concerns about the delivery of the specified national developments
- The NPF is by its nature rather general: we would like to see some additional specific targets. Perhaps a broad assessment of retail, office and industrial property development that would be needed to provide for economic growth should be included on a Scottish as opposed to just strategic development planning authority level
- We agree with the significance of the city-regions as the principal drivers of growth. However, there are important areas of potential outside of the regions identified around Aberdeen, Dundee, Edinburgh and Glasgow which will need enhanced infrastructure to maximise their economic potential – Inverness and the Forth Corridor through to Stirling being excellent examples

Transport infrastructure and the need for improved connections

- The airport enhancements identified do not include Dundee or Inverness yet these two cities are identified as of strategic importance to growing the knowledge/tourist economy in other parts of the NPF2. There could be an argument for raising the status of airport enhancements at Dundee and Inverness given their wider strategic importance. Unless they are so identified then the opportunity to prioritise further airport enhancements may be lost as there will be

² Tax increment financing: a new tool for regeneration? (British Property Federation 2008)

no opportunity to identify them as national developments until the third NPF expected in five years time

- We note also that the rail enhancements identified as national developments relate only to improvements in the Glasgow region. Bearing in mind the NPF's emphasis upon sustainable development and economic growth we find this surprising and we would add improving links to Aberdeen and Inverness from the Central belt as well as seeking rail improvements from the central belt to England
- Funding is the main obstacle to delivering the ambition of the NPF and indeed the spatial objectives at the regional level. The fact is that key capital budgets are already allocated until 2012 by key bodies such as Transport Scotland, yet there is little prospect of significant private sector contributions given the current economic climate. Although not an expenditure document the Scottish Government may be forced to reassess some of the assumptions on funding sources made in the Infrastructure Investment plan published in March 2008 which is informed by the national planning framework

Housing and the commercial property industry

- The housing market downturn has had serious consequences for the commercial property industry because one of the attractions of Scotland for inward investors would be the relative availability of quality housing and a probably reduction in opportunities for commercial development opportunities related to new housing (for example new retail and leisure developments)
- Since its previous draft the NPF2 has had to acknowledge the new circumstances prevailing in the housing industry. The goal of 35,000 new homes per year by the middle of the next decade now appears to be unlikely to be realised. Nonetheless we agree with the long term aspiration of NPF2 expressed in paragraph 74 that there will remain a demand for additional housing supply to support new households and, we hope, economic growth and it has been particularly apparent in the last year that the severe downturn in the new housing and existing housing markets has had a serious effect on the wider economy, including as we explain below on our own industry
- A remaining concern for SPF members is the ability of the NPF and strategic development plans to plan for housing growth to support the economy when and where it is needed. Our members are concerned that in the past too many local authorities have sought to resist the release of land for housing growth and it is important that the planning system ensures Scotland is well placed for an upturn in the market and thus support economic recovery. The new mechanisms for identifying and anticipating housing needs must be utilised with effective collaboration between local authorities and part of this process must consider the prospects for commercial development and business growth

- NPF2 highlights the Scottish Sustainable Communities Initiative yet there is little detail on the status of SSCI. The importance attached to making modern developments more sustainable would suggest that the SSCI projects identified as suitable to be taken forward are of national significance – yet they could well face very similar opposition within the sub-national planning system to traditional planning applications and this could lead to considerable delay and uncertainty. SPF understands that SSCI has had strong interest from the house building development community and further clarification on the status and timescale of the SSCI would be welcome

Implications for planning authorities

- We would also be concerned to see clarity on exactly how national developments are to be progressed through the planning system. There needs to be additional resource for planning authorities asked to deal with such applications and we believe this should come from central government. We are concerned that the reduction in planning application fee income will restrain already stretched planning authorities even further and therefore additional resource demands incurred through national developments should, in our view, be supported directly by the Scottish Government.
9. We would be pleased to elaborate on our comments at your convenience.

David Melhuish
Director