

## ITEM 6 – STRATEGIC DEVELOPMENT PLAN 2 UPDATE

Report by: Alice Miles, Acting SDP Manager

---

### Purpose

This report includes an update on the examination and approval of Strategic Development Plan (SDP) 2.

### Recommendations

It is recommended that the SESplan Joint Committee:

1. Notes the update on the examination and approval of SDP2 as set out within this report.

### Resource Implications

As set out below.

### Legal and Risk Implications

As set out below.

### Policy and Impact Assessment

No separate impact assessment is required.

## 1. The Examination

- 1.1 The proposed plan was submitted to the [Planning and Environmental Appeals Division](#) (DPEA) of Scottish Government on the 26 June 2017. The lead reporter was appointed on the 6 July 2017 and further to an assessment of the Statement of Conformity with the Participation Statement, the examination formally commenced on the 14 August 2017.

1.2 The examination was concluded on the 20 July 2018, with the report of examination submitted to Scottish Ministers. The report is available to view on the [Proposed SDP](#) page of the SESplan website and on the [DPEA](#) website.

1.3 The report considers 25 issues arising from the representations to the proposed plan. For most issues only minor modifications to wording are recommended to provide clarity or no modifications are recommended at all. The key modifications recommended by the reporter relate to Issue 8 and Issue 14 on housing delivery and strategic transport improvements.

1.4 Key conclusions under Issue 8 (Increasing Housing Delivery):

- No convincing evidence has been provided by representees in relation to the housing need and demand assessment (HNDA) to support the strong economic growth future or to refute the evidence in the Housing Background Paper prepared by SESplan. The reporter is satisfied that the use of the wealth distribution scenario to inform the housing supply targets was justified.
- Agree that setting excessively high housing supply targets with no credible chance of being achieved would amount to failure of the plan.
- Agree that allocating more housing land than is required creates uncertainty for communities and infrastructure providers and has the potential to undermine the plan's vision and strategy.
- Past rates of housebuilding do not necessarily provide a reliable indicator of future need and demand.
- The approach of uplifting the market target to allow market housebuilders to provide affordable homes is problematic. The distinction between affordable and market provision should not be blurred.
- There is no justification for ignoring six years of the HNDA output between 2012 and 2018 and starting the housing supply targets at 2018.
- It is inappropriate to set one all tenure set of targets with no differentiation between market and affordable housing.
- The evidence suggests strongly that beyond 2021 and for the remainder of the period to 2030, it should be possible to achieve the significant uplift in affordable housing rates required to meet the HNDA estimate of need.
- No evidence has been presented that there are significant delivery problems with the sites identified in the last round of local development plans (LDP) to meet SDP1.
- An increase in the generosity allowance above the proposed 10% would not be justified.

- 1.5 In reaching these conclusions, the reporter has recommended modifications to the housing supply targets set out within the proposed plan (see Figures 5.1 and 5.2 below). The critical modification for the market supply targets is that the reporter has concluded that there is no justification for ignoring six years of the HNDA output between 2012 and 2018 and starting the housing supply targets at 2018. It was therefore recommended that the estimate of demand as identified by the HNDA over the period 2012 – 2018 is added to the targets.
- 1.6 For the affordable targets, the reporter has recommended that the targets should match the estimate of need set out in the HNDA. It is SESplan’s view that the proposed plan set a target for affordable housing delivery which takes account of the factors listed in Scottish Planning Policy (SPP) and the HNDA Managers Guide, including issues of capacity, resource and deliverability. The reporter has sought to increase the affordable housing targets even further, although he notes at paragraphs 125 and 126 of the report of examination, no evidence has been put forward to suggest that there is sufficient funding to deliver the level of affordable housing necessary to meet both the HNDA estimate of need going forward and the backlog that has developed. The reporter’s view is that delivering the annual levels of affordable housing that the HNDA estimates require over the period 2018 to 2030 is the absolute limit of what could be considered achievable. The targets as set out in the report of examination will require a significant step change in funding and provision.
- 1.7 Overall these recommendations mean that across the SESplan area the combined targets have been increased by around 30,000 houses. However, the reporter also concluded that it is inappropriate to set one all tenure set of targets with no differentiation between market and affordable housing and around 23,000 houses have already been completed over the period 2012 – 2018. It is not therefore as simple as suggesting that the targets have been increased substantially by the reporter. Each of the member authorities in preparing their LDPs will be required to assess both market and affordable supply and completions. As highlighted in the tables below, the annual average targets for market housing for each member authority have actually been decreased by the recommendations, whilst the annual average affordable targets have increased for all member authorities with the exception of Scottish Borders and West Lothian. It will be for each member authority to determine a strategy at the local level that best fits their individual circumstances and which also complies with SDP2.

- 1.8 All six SESplan member authorities collect data on both market and affordable completions and are able to calculate delivery of housing against the housing supply targets as set out in the report of examination.
- 1.9 The Annual Housing Update will be brought to the Joint Committee for consideration in Spring / Summer 2019. This will include more detailed analysis of the targets as approved by the Minister and completions and land supply across the SESplan area.

**Table 5.1 of the Proposed Plan – Housing Supply Targets (Number of Homes Annual Average)**

Area	Proposed Plan (2018 – 2030)			Report of Examination (2012 – 2030)			Variance		
	Market	Affordable	Combined	Market	Affordable	Combined	Market	Affordable	Combined
Edinburgh	1,220	1,200	2,420	994	1,607	2,601	-226	407	181
East Lothian	330	189	519	269	247	516	-61	58	-3
Fife	605	262	867	493	305	798	-112	43	-69
Midlothian	369	165	534	301	217	518	-68	52	-16
Scottish Borders	220	128	348	179	110	289	-41	-18	-59
West Lothian	333	300	633	270	253	523	-63	-47	-110
<b>SESplan</b>	<b>3,077</b>	<b>2,244</b>	<b>5,321</b>	<b>2,056</b>	<b>2,739</b>	<b>5,254</b>	<b>-1,021</b>	<b>495</b>	<b>-67</b>

**Table 5.1 of the Proposed Plan – Housing Supply Targets (Number of Homes Period Total)**

Area	Proposed Plan (2018 – 2030)			Report of Examination (2012 – 2030)			Variance			Combined Completions 2012 - 2017
	Market	Affordable	Combined	Market	Affordable	Combined	Market	Affordable	Combined	
Edinburgh	14,640	14,400	29,040	17,892	28,944	46,836	3,252	14,544	17,796	9,549
East Lothian	3,960	2,268	6,228	4,842	4,440	9,282	882	2,172	3,054	1,901
Fife	7,260	3,144	10,404	8,874	5,484	14,358	1,614	2,340	3,954	3,847
Midlothian	4,428	1,980	6,408	5,418	3,900	9,318	990	1,920	2,910	3,050
Scottish Borders	2,640	1,536	4,176	3,222	1,980	5,202	582	444	1,026	1,490
West Lothian	3,996	3,600	7,596	4,860	4,560	9,420	864	960	1,824	3,394
<b>SESplan</b>	<b>36,924</b>	<b>26,928</b>	<b>63,852</b>	<b>45,108</b>	<b>49,308</b>	<b>94,416</b>	<b>8,184</b>	<b>22,380</b>	<b>30,564</b>	<b>23,231</b>

**Table 5.2 of the Proposed Plan – Housing Land Requirements**

Area	Number of Homes – Annual Average		Number of Homes – Period Total	
	Proposed Plan (2018 – 2030)	Report of Examination (2012 – 2030)	Proposed Plan (2018 – 2030)	Report of Examination (2012 – 2030)
Edinburgh	2,662	2,861	31,944	51,498
East Lothian	571	568	6,851	10,224
Fife	954	878	11,444	15,804
Midlothian	587	570	7,049	10,260
Scottish Borders	383	320	4,594	5,760
West Lothian	696	575	8,356	10,350
<b>SESplan</b>	<b>5,853</b>	<b>5,772</b>	<b>70,237</b>	<b>103,896</b>

1.10 Under Issue 14 (Strategic Transport Improvements) key conclusions:

- In order for the Plan to be compliant with SPP, it is considered that the transport interventions required to deliver the spatial strategy should be clearly identified.
- The purpose of the supplementary guidance related to developer contributions should be widened to include all potential strategic transport improvements, specifically all the transport interventions required to deliver the spatial strategy.
- The recommended supplementary guidance could be titled Strategic Transport Improvements and Contributions Framework and will require to identify what transport interventions are required to support delivery of the impact of the whole of the spatial strategy.

1.11 The modifications to the plan make clear that a transport appraisal of the SDP is required to be undertaken.

## **2. Approval**

---

2.1 The report of examination was submitted to Scottish Ministers on the 20 July 2018. In practice, Ministers expect to take on board the reporter's recommendations unless there is strong justification to depart from them. There is no further formal opportunity for parties to submit further representations to Scottish Ministers.

2.2 Once Ministers have received the report of examination, Section 13 of the Planning etc (Scotland) Act 2006, allows them to approve SDP2 in whole or in part (with or without modifications) or reject the plan. Circular 6/2013 (Development Planning) sets out an indicative timeline for a decision to be made of two months. This period was passed on the 20 September 2018. An update was requested from Scottish Government who have advised that whilst they would not wish to delay the plan process, or that of related LDs, full and proper consideration is being given to the plan given its significance to future plans and development delivery. Given the complex range of matters involved an indication of when a decision is likely to be made is unable to be given at this time. A decision will be issued in due course. Unlike LDP adoption procedures there is no formal timescale for a decision to be made on SDPs.

- 2.3 If any person aggrieved by SDP2 and desires to question the validity of the plan on the grounds that it is not within the powers conferred by Part II of the Town and Country Planning Act 1997, as amended, or that any relevant requirement of that Part or of any regulations made under that Part have not been complied with; he may make an application to the Court of Session under section 238 of the Act. Any such application must be made within six weeks from the publication of the plan.
- 2.4 As soon as possible after approval, SESplan must publish SDP2 (including electronically), send two copies to Scottish Ministers and place copies in the local libraries, advertise in a newspaper and notify all parties who made representations that the plan has been published and where it is available for inspection.
- 2.5 Post SDP2 approval, SESplan is required to prepare and publish the Action Programme and a Strategic Environmental Assessment Post Adoption Statement. The Action Programme is required to be approved within three months of the approval of SDP2. The Post Adoption Statement is required to appraise the impact of any relevant modifications to the plan.

### **3. Supplementary Guidance**

---

- 3.1 The proposed plan currently directs that supplementary guidance is prepared on developer contributions and the green network. Scottish Government also recommended in their response to the plan that further guidance should be prepared on minerals, heat and wind. The reporter has not recommended that further guidance is prepared on these topic areas.
- 3.2 As set out in paragraph 1.9 above, the reporter has recommended that the remit of the supplementary guidance on developer contributions is widened and that a transport appraisal is required to be undertaken. A brief for a transport appraisal has been prepared in draft for discussion with officers across the SESplan member authorities as well as Transport Scotland and SEStran. An update on the transport appraisal and engagement of consultants will be brought to the March 2019 Joint Committee meeting.
- 3.3 The supplementary guidance on the green network was approved for consultation in June subject to the document being further edited and the graphics refined. The guidance has been substantially edited to reflect the Committee's comments and will be published for consultation shortly.



- 3.4 An update on the consultation and responses received will be brought to the March 2019 Joint Committee meeting.
- 3.5 All supplementary guidance associated with SDP2 must be prepared and approved within one year of SDP2s approval.

#### **4. Next Steps**

---

- 4.1 Progress towards approval of SDP2 will continue to be reviewed with updates brought to future meetings of the SESplan Joint Committee.

#### **Report Contact**

---

Alice Miles, Acting SDP Manager

01506 282880

[alice.miles@sesplan.gov.uk](mailto:alice.miles@sesplan.gov.uk)