

Scottish Government National Planning Framework 4 Consultation Response

Question 1: Do you agree that this approach will deliver our future net-zero places which will be more resilient to the impacts of climate change and support recovery of our natural environment?

Meeting ambitious net-zero targets will require coordinated, long-term action, and a variety of mechanisms will be needed to bring about the culture shift required to drive a greener built environment. The CIOB welcomes the National Spatial Strategy's approach to creating sustainable places and commitment to furthering efforts to increase sustainability within the built environment. Construction does not just create physical assets. As the Government has recognised, the quality and design of the built environment contributes to the health and wellbeing of people and places and has a critical role to play in sustainability.

We agree with the place-based approach to sustainability and the multi-disciplinary framework it encourages. Place provides a point at which creators of the built environment - planners, construction professionals, architects, designers, infrastructure providers, and sustainability professionals - can work together to deliver a sustainable environment. From a construction perspective, a regulatory environment that facilitates the delivery of Nearly Zero Energy Buildings (NZEB) would aid this process. To that end, a definition of NZEB in numerical terms within national standards would be helpful.

Furthermore, from a circular economy perspective, Policy S17 in the 2021 published London plan sets requirements for the reuse, recycling of construction demolition waste. As part of its place-based approach to sustainability, we urge the Government – as part of this consultation process - to follow suit. The CIOB stands ready to facilitate a dialogue between industry and the Government on how this requirement could work in practice.

The CIOB supports any commitment to energy efficiency as it has the potential to transform existing building stock, assist in eliminating fuel poverty, and contribute to a successful and world-leading construction industry and green, circular economy.

Question 6: Do you agree that these spatial principles will enable the right choices to be made about where development should be located?

We agree that these spatial principles will support regionally-focused development decisions that are responsive to local needs and challenges. We agree with the Government's position that no single policy or development can, on its own, create sustainable, liveable places. Therefore, we support planning policies that are functional rather than completely prescriptive to preserve the freedom to innovate and respond to regionally diverse needs and challenges.

We support the Government's commitment to conserving and recycling assets. We believe that a greater focus on the circular economy and waste management plans that seek to reduce and repurpose materials throughout all phases of construction support not only sustainability and net-zero objectives but also the economic wellbeing of communities.

The CIOB is committed to Equality, Diversity and Inclusion, having recently published our Diversity and Inclusion Charter.¹ Therefore, we are pleased to see the Government's recognition of the

importance of a just transition, ensuring that the climate change response must provide a better future for everyone.

While we welcome the emphasis on compact growth, international evidence suggests that a policy to ensure compact growth through the planning system must consider the impact of land-use restrictions on land values. If the direction of travel is to limit urban expansion through land-use planning, the Government must ensure that:

- the resultant increase in land values associated with residential planning permission, is democratised;
- perverse incentives in terms of what is built are avoided.

In Ireland, for example, recent compact growth policy has led to homogeneity of output in urban areas. Developers, having paid a premium for land in a restricted market, seek to ensure they achieve their requisite profit margin, which is a function of a high-value land purchase, by prioritising housing types that lead to the greatest return on investment. This has led to a proliferation of hotels, co-living units, and student accommodation in city centres, with fewer for-sale, affordable and social housing units being delivered, despite their being called for in local plans.

A way of addressing this, and ensuring that compact growth policy achieves its stated aim without creating homogenous development in urban areas, is to ensure that land values remain at a reasonable rate. This would free up developers to build housing that is in keeping with local plans rather than exclusively producing units that maximise profits. There are a variety of ways of doing this.

Freezing land values when a masterplan is made – Germany

German municipalities capture development values when they zone land for new development by freezing land values when a master plan is created. Capturing this value allows the municipality financial leverage to provide mixed tenures and types of housing. In designated regeneration areas, municipalities freeze existing land values allowing them to acquire land at lower prices, install infrastructure and sell the land onto developers in parcels, or maintain ownership of the land and recruit housebuilders to build houses. Where developers undertake new development, they pay a share of municipalities' infrastructure costs.

This is in stark contrast to the situation often observed in the UK, where Local Authorities are often passive, and public land is sold to single developers to build out according to market demand and at a pace dictated by the local market absorption rate. This results in the homogenous tenures and types of housing that NPF4 is seeking to avoid.

Prescriptive Land Use Planning – Holland

In Holland, land use plans are prescriptive to the extent that when a local authority sells land to a developer, by the terms of the sale, the developer must build out according to the agreed land-use plan. The proportions of tenures outlined in the land use plan are fixed and non-negotiable, which ensures a diversity of tenures are delivered. Importantly, councils in Holland make a significant profit on any land sales through a front-funding mechanism. Councils borrow from the international bond market to front fund infrastructure – including transport – on a given site. The site thus prepared

leads to a significant uplift in the land's value. At this point, the land can be sold to a developer at a significant profit for the council should they choose to do so.

Community Land Trust recognised in legislation – Ireland

A community land trust is a non-profit corporation that holds land on behalf of a place-based community while serving as the long-term steward for affordable housing. The 2021 Affordable Housing Bill in Ireland recognised CLTs for the first time in policy. This will facilitate the delivery of another type of outside market housing and dovetails well with a compact growth policy.

We urge the Government to be mindful of the impact of compact growth policy on land values and development incentives, and to employ measures such as those we have outlined here as part of its compact growth policy.

¹ Chartered Institute of Building, 2021. *Diversity and Inclusion Charter*.

Question 18: What are your overall views on this proposed national spatial strategy?

We broadly agree with the proposed national spatial strategy. The CIOB supports a place-based approach that focuses on the quality of the built environment. Quality is critical. It is about the greater public good we expect from our buildings to promote human health, safety, and wellbeing and address today's many social, cultural, environmental, and economic concerns.

We further welcome the strategy's prioritisation of the wellbeing economy. We firmly believe in a holistic approach to quality within the built environment that focuses not only on the build product but also the build process. Account must be taken of ethical development throughout all stages of construction, ensuring fair treatment and an inclusive environment for all individuals who engage with a project, from initial inception to lifetime occupancy. To this end, the CIOB has undertaken considerable work to champion Equality, Diversity and Inclusion, mental health¹ and has called on the industry to work with their supply chain to eradicate modern slavery in the construction sector.²

We agree on the need for planning policies that consider diverse regional needs and challenges. Planning is a highly politicised issue that is best left to regional decision-makers who understand the challenges in their communities. While we agree with the sustainable use of the countryside around all cities and towns, from a spatial perspective, the impact of Covid-19 has led to a new hierarchy of needs in the built environment, and infrastructure will need to adapt. Through holistic, place-based strategies, the built environment can lead on the transition away from car-dependent development while facilitating sustainable transport infrastructure. We support smart planning policies that protect consumers and encourage development that takes on board the needs and wants of local communities. We further support planning policies that are functional, rather than completely prescriptive, in order to preserve the freedom to innovate and respond to regionally diverse needs and challenges.

Our position is clear on the need for quality, affordable homes. The CIOB's vision is aligned to the Housing to 2040 strategy's view that housing should contribute to tackling climate change by

¹ CIOB, *Understanding Mental Health in the Built Environment*, May 2020

² CIOB, *Tackling Modern Slavery in Construction*, 2019

delivering homes that are warm, affordable to heat and reduce the emissions caused by housing construction. We believe that the national spatial strategy supports this view by recognising the need for affordable, energy-efficient housing that can support net-zero and sustainability targets while addressing fuel poverty issues and improving health and wellbeing by building better quality homes.

Similarly, we welcome the framework's focus on retrofitting existing buildings and homes. We believe that upgrading the energy efficiency of existing homes through repair, maintenance, and improvement work is an example of a socially valuable project that will support the economy. Further, it provides an unprecedented opportunity to address the health and wellbeing of residents and make progress on the decarbonisation of existing homes as a critical strategy to meet our net-zero obligations. Further, this work is grounded within local supply chains, making it an ideal project to maximise employment within communities, support regeneration and provide good quality, green jobs.

The CIOB supports the strategy's commitment to renewable energy. However, by moving towards greener energy, many people who have been trained to work with gas will have a significant knowledge gap in understanding the distribution of energy, energy storage, environmental issues and fire safety risks. The national spatial strategy's focus on developing 20-minute communities and community regeneration proffer significant opportunities for good quality, local jobs. In order to realise this potential, it is imperative that a long-term strategy is adopted to develop industry knowledge and upskill workers in green energy technology.

Question 22: Do you agree that addressing climate change and nature recovery should be the primary guiding principles for all our plans and planning decisions?

The CIOB strongly supports the Scottish Government's focus on addressing climate change and nature recovery. The UK Green Building Council states that the built environment contributes around 40% of the UK's total carbon footprint¹. It is imperative, then, that future planning for the built environment includes a strong focus on sustainability and decarbonisation across all stages of development. In order to realise the strategy's vision for liveable, healthy places, the CIOB encourages the Government to prioritise quality across all new developments, ensuring that, across all stages of construction, the built environment supports human health, safety and wellbeing as well as addressing today's many social, cultural, environmental and economic concerns.

The CIOB, in partnership with other stakeholders across the built environment, has collaborated with the Construction Innovation Hub to develop a Value Toolkit² to improve the way that decisions are made for public and private projects. The toolkit advocates for public consultation throughout the journey of projects and aims to embed a transparent, consistent, and adaptable approach to development. As such, we are aligned to and strongly support the strategy's collaborative, place-based approach to engagement with local communities and stakeholders.

¹ UK Green Building Council, n.d. *UKGBC's vision for a sustainable built environment is one that mitigates and adapts to climate change.*

² Construction Innovation Hub, 2021. *Value Toolkit.*

Question 23: Policy 1: Plan-led approach to sustainable development. Do you agree with this policy approach?

The CIOB has a Royal Charter to promote the science and practice of building and construction for the benefit of society. As such, we strongly support the strategy's Plan-led approach to sustainable development, which dictates that the use and development of land should be managed in the long-term public interest. Further, the CIOB embraces the UN SDGs, as they relate to the construction sector, and welcomes the strategy's ambition to support Scotland's achievement of the SDGs.

Question 24: Policy 2: Climate emergency. Do you agree that this policy will ensure the planning system takes account of the need to address the climate emergency?

We welcome the Government's recognition of the Global Climate Emergency and the need to minimise total lifetime emissions across all new developments. The CIOB supports a whole-life approach to the assessment of greenhouse gas emissions across the built environment. In 2011, we produced a Carbon Action 2050 action plan to provide guidance for the built environment sector.¹ It includes information on how the sector can cut carbon emissions by applying innovation and best practice to project design, construction, maintenance, operation, retrofit and waste management.

UK-based studies have highlighted a significant performance gap between expected and actual performance, the latter relying heavily on the quality of the building envelope and the correct functioning of energy-efficient systems². Therefore, to ensure that new development, as well as retrofit projects are supporting net-zero targets, it is imperative that the Government prioritises policy that considers performance monitoring over the life span of buildings. Further, a focus on supporting skills development, technological innovation and consumer awareness across the sector will be necessary to achieve optimal performance in situ. The CIOB urges the Government to consider greater use of post-occupancy evaluation of buildings and infrastructure. We further recommend, where possible, that these assessments should examine not just the performance of the building or infrastructure itself across a wide range of measures, but also the wider benefits and costs generated by its construction and occupation. This would provide a far greater understanding and develop a portfolio of information on what works across different contexts and for different needs.

The construction industry continues to adopt various strategies to reduce lifetime carbon emissions. Being carbon and resource-efficient is increasingly seen as a way of not merely complying with legislation but also winning new business, improving efficiency, cutting costs and breeding innovation. The sector is a willing and adept partner but will need to work closely with Government to ensure that cross-portfolio policy supports the cultural shift required to realise sustainability targets.

¹ Chartered Institute of Building, 2011. *Carbon Action 2050 Plan*.

² Guerra-Santin, O., Tweed, C., Jenkins, H. and Jiang, S., 2013. Monitoring the performance of low energy dwellings: Two UK case studies. *Energy and Buildings*, 64, pp.32-40.

Question 26: Policy 4: Human rights and equality. Do you agree that this policy effectively addresses the need for planning to respect, protect and fulfil human rights, seek to eliminate discrimination and promote equality?

The CIOB welcomes the strategy's focus on human rights, seeking to promote equality and eliminate discrimination. The construction industry builds schools, roads, hospitals, and homes in every part of Scotland, from the central belt to the Highlands and Islands. However, historically, the people building this critical national infrastructure have not always reflected the diversity of the people and communities who will ultimately use it.

While the CIOB supports the Government's commitment to consult and engage with local groups, we believe additional, concrete actions are needed to address inequality throughout all stages of development. To this end, the CIOB has recently launched its Diversity and Inclusion in Construction Report,¹ which sets out a practical roadmap for construction firms of all sizes to put measures in place that will lead to a more inclusive and diverse workforce. The report zeros in on five key areas where individual firms can make changes that can help to build a more inclusive sector. These cover leadership, planning, culture, transparency, and accountability. It sets these out in a new Charter, which the CIOB is now asking its 50,000 members in more than 100 countries to adopt.

The CIOB's Diversity and Inclusion Charter seeks not to blame companies, but to support them to do better. Construction is essentially a practical industry, and this is reflected in the unapologetically practical approach that the Charter takes. Instead of a top-down set of targets or lofty aspirations, the report aims to be a practical toolkit that can help firms, from small SMEs to large multinationals, build a workforce that better reflects the country as a whole.

¹ The Chartered Institute of Building, 2021. *Diversity and Inclusion in Construction*.

² The Chartered Institute of Building, 2021. *Diversity and Inclusion Charter*.

Question 28: Policy 6: Design, quality and place. Do you agree that this policy will enable the planning system to promote design, quality and place?

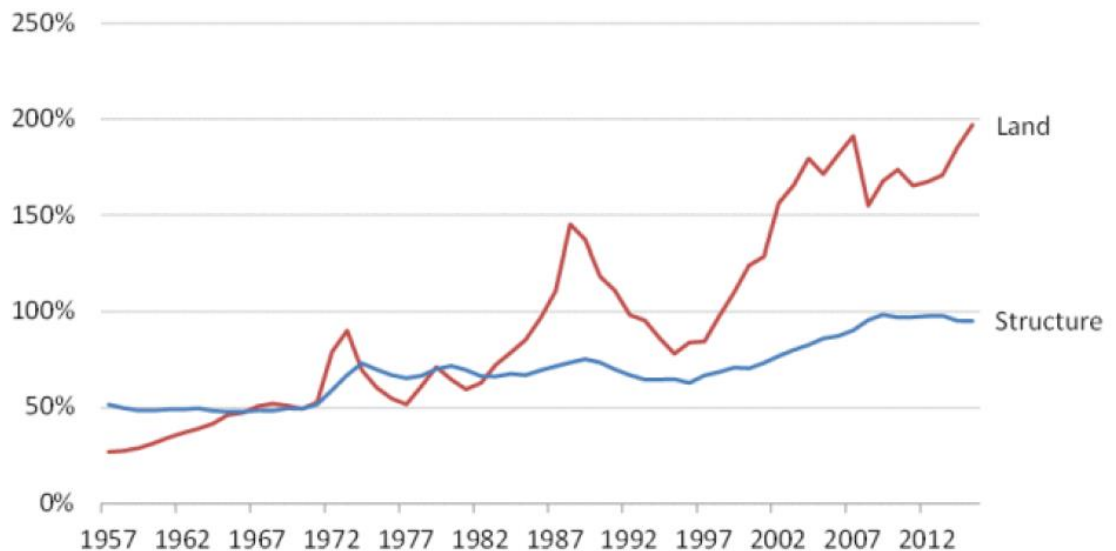
The CIOB strongly supports the strategy's commitment to high-quality design throughout the construction process. We agree with the strategy's inclusion of the six qualities of successful places.

The CIOB has undertaken considerable work to advocate for high-quality design and construction. As highlighted in a Royal Institute of British Architects, Royal Institution of Chartered Surveyors and CIOB report, 'quality is not just a measure of regulatory compliance or aesthetic appeal...neither is it merely about satisfying clients' briefs so that the building allows them to perform better and contribute more...'¹. Quality is critical. It is about the greater public good we expect from our buildings to promote human health, safety, and wellbeing as well as addressing today's many social, cultural, environmental and economic concerns. As such, quality, or rather the failure of quality, is arguably the most important issue facing the construction industry today. The events that have focused attention on the failure of our industry to consistently deliver the required levels of quality in the buildings and infrastructure that we create are well known. But the underlying causes of these failures are something that the industry is only now beginning to understand.

Land costs are also a major barrier to good design and quality. Builders of all sizes – SMEs and larger developers – are clear that the most significant constraint on design and quality is not the absence of local design codes but the high cost of land. To fund a land purchase in an inflated market, developers must drive down costs in the latter stages of the housebuilding process, typically on design and quality. This negatively impacts the final product. This process, known as the residual method of valuation for land, bakes in poor quality outcomes for development. The equation for the

residual method of valuation in its simplest form is as follows: Land/Property = Gross Development Value – (Construction + Fees + Profit)

Value of land and dwellings as % of annual UK GDP, 1957-2015



Source: [James Gleeson Wordpress.com](http://JamesGleeson.wordpress.com).

If land were available at a more reasonable rate, developers would be incentivised to compete on the design and quality of the final product rather than their ability to fund the initial land purchase. If land prices were capped at existing use value plus a premium,³ this would allow money spent on the initial land purchase to be re-routed to the quality and design of the final product. Thus a more proactive approach to the land market could harness competitive forces, which are currently focused on the land market, to deliver better quality and design for consumers.

¹ RIBA, CIOB, RICS, 2018. *Building in Quality*.

Question 31: Policy 9: Quality homes. Do you agree that this policy meets the aims of supporting the delivery of high quality, sustainable homes that meet the needs of people throughout their lives?

The CIOB strongly supports the strategy's focus on delivering "more and better homes", with particular note of the need to prioritise quality, warmth and affordability across all regions and tenures. Quality housing must be affordable, environmentally sustainable and provide equitable access to amenities and facilities in order to create successful, liveable places. To that end, we welcome the Housing to 2040 strategy's vision and principles for housing development.

It has been estimated that over two-thirds of the 2050 housing stock has already been built¹. As such, we urge the Government to make a long-term commitment to decarbonising our homes by

³ T Crook and C Whitehead: 'Development value capture, principles and practice: why is it so difficult?'. *Town Planning Review*, 2019, Vol. 90 (4), 359-81

introducing a National Retrofit Strategy as a key infrastructure priority. This will provide a clear direction of travel for the construction industry as well as the certainty that businesses need to create stable, green jobs beyond 2022 and the confidence consumers need to invest in whole house retrofit. As has been recognised by the Glasgow City Region², a long-term retrofit strategy will not only support the achievement of net-zero targets but will also create jobs, lower household energy bills, improve the quality and warmth of homes and support the wellbeing of residents while addressing issues of fuel poverty.

We agree with this holistic approach to quality. However, as per our response to question 6, we urge the Government to have regard for the impact restrictive land-use planning has on land values and development incentives. From a policy perspective, this means creating a policy environment in which the value created by land-use restrictions is democratised within the local community and that land costs are controlled so that perverse incentives around homogenous development are avoided.

¹ Pilkington, B., Roach, R. and Perkins, J., 2011. Relative benefits of technology and occupant behaviour in moving towards a more energy efficient, sustainable housing paradigm. *Energy policy*, 39(9), pp.4962-4970.

² Glasgow City Region, 2020. *Housing Energy Retrofit*.

Question 33: Policy 11: heat and cooling. Do you agree that this policy will help us achieve zero emissions from heating and cooling our buildings and adapt to changing temperatures?

The CIOB supports the prioritisation of renewable and innovative approaches to heating and cooling. Decarbonising heat presents a significant challenge to our obligation to reach net-zero emissions by 2050, with heat from buildings currently accounting for 19% of the UK's total greenhouse gas emissions. Government guidance and support for low carbon heating will be essential to meeting short and long-term net-zero targets.

Historically, a lack of confidence in long-term policy direction has impeded the built environment sector's ability to invest in low carbon technologies and skills, weakened the resilience of the construction supply chain and reinforced a lowest-cost procurement model which leaves no room for social value. In order to realise the sector-wide shift in heating and cooling technology needed to achieve sustainability targets, a long-term, collaborative strategy will be needed to address skills shortages, consumer preference and awareness, and the financial barriers to embracing energy-efficient technologies. For example, according to the Energy Saving Trust, the current cost of installing both air and ground source heat pumps is around £8,000 to 14,000 and £15,000 to 25,000, respectively. It is imperative that the Government considers long-term strategies to support the industry and consumers to shift toward renewable and energy-efficient forms of heating and cooling, in tandem with a comprehensive retrofit strategy.

Question 37: Policy 16: land and premises for business and employment. Do you agree that this policy ensures places support new and expanded businesses and investment, stimulate entrepreneurship, and promote alternative ways of working in order to achieve a green recovery and build a wellbeing economy?

Regarding the future of land and premises for business and employment, we understand the need for a flexible built environment. A long-term, sustainable solution should consider looking at interventions early in the build process as opposed to, for example, retrofitting commercial units that are not suitable for housing. For instance, 'Seed Planning'⁴ - a planning and design approach offering minimum specification of how form relates to function - allows a building to fulfil multiple uses over the course of its life without sacrificing quality as it changes.

The Amsterdam Municipal Government has used Seed Planning in its transformation of Amsterdam's Port-City area from a mono-functional work area around the Sloterdijk node to a mixed urban living-working environment. The success of this project relies on urban, morphological and functional principles linked to different typologies for buildings and public spaces relating to density, mixed-use, flexibility, and adaptability for many different types of initiatives. The plan provides for buildings that, from the point of construction, would leave sufficient scope for change as the local economy develops and needs change. Given the fluidity we are witnessing in terms of how people utilise the built environment due to the pandemic, particularly office space, seed planning is a proactive type of intervention we could implement now, that will give new buildings the ability to continually adapt to the changing world.

Modern methods of construction (MMC), particularly modular, off-site solutions are well placed to facilitate the adaption involved in a seed planning approach. Modular off-site buildings can be built to be re-configured through their lifetime, adapting to different needs as they evolve. Modular construction provides a repeatable system of building that is easily adapted according to different requirements for height and floor area ratio and is thus deployable across a range of contexts. This is particularly pertinent in the context of large swathes of office space which could potentially become obsolete given changing working practices resulting from the Covid-19 pandemic.

Question 41: Policy 20: Zero waste. Do you agree that this policy will help our places to be more resource efficient, and to be supported by services and facilities that help to achieve a circular economy?

Sustainability and the push to achieve net-zero have, quite rightly, taken their place as priorities in construction. CIOB is supportive of regulatory moves which enable a focus on embodied carbon, not just operational carbon emissions and add weight to its consideration as part of the construction and development process. We support the regulation of embodied carbon and have signed up to a 'Part Z'⁵ amendment to building regulations in England. Sustainability is already something which informs much of our work - and will for years to come. We have been clear to our members that opportunities to take a more environment-centred approach, combined with practical measures and clarity in legislative requirements, should be welcomed. The industry needs to walk the walk on minimising climate change, not just talk the talk, and we expect CIOB members to update their knowledge through CPD and understand how they can make a meaningful positive contribution to achieving net-zero.

In terms of circular economy principles, as per our response to question 1, we refer to Policy S17 in the 2021 published London plan, which sets requirements for the reuse, recycling of construction

⁴ Sennett, Richard, Building and Dwelling: Ethics for the City, 2018

⁵ <https://part-z.uk/proposal>

demolition waste. We urge the Government, as part of its place-based approach to sustainability, to follow suit.

Question 48: Policy 30: Vacant and derelict land. Do you agree that this policy will help to proactively enable to reuse of vacant and derelict land and buildings?

As per our response to question 37, development proposals for the reuse of existing buildings would be greatly facilitated by a regime that required flexibility in buildings at the point of development, particularly in urban areas. A long-term, sustainable solution should consider looking at interventions early in the build process as opposed to, for example, retrofitting commercial units that are not suitable for housing. For instance, 'Seed Planning' - a planning and design approach offering minimum specification of how form relates to function - allows a building to fulfil multiple uses over the course of its life without sacrificing quality as it changes.