

<i>REPORT TO:</i>	<i>Scrutiny Commission</i>
<i>SUBJECT:</i>	<i>Planning Fees</i>
<i>LEAD OFFICER:</i>	<i>Head of Planning and Regeneration</i>
<i>CABINET LEAD MEMBER:</i>	<i>Councillor Bailey</i>
<i>ORIGIN OF ITEM:</i>	<i>Corporate Services Scrutiny Panel work programme – originally timetabled for 7 July 2020</i>
<i>BRIEF FOR THE COMMITTEE</i>	<i>To consider the matters contained within the report.</i>

PURPOSE

- 1.1 *To address concerns of the Corporate Service Scrutiny Panel that planning fee income is underperforming against budget and to explain the costs of the 2018 service restructure.*

1. How are planning fees set?

- 1.1 Fees for all types of planning application are set by government in the 2012 Fees Regulations, as amended¹. Advice on fees is available in the national planning practice guidance². Fees are reviewed periodically and changes made by amendment to the Regulations. The most recent change was in 2017 and the changes came into effect in January 2018.
- 1.2 There is no local discretion on fees and no direct relationship between fees and the resources required to determine planning applications. Some planning applications attract no fee at all; for example, listed buildings and works to trees covered by a Tree Preservation Order (TPO).

2. How is the Council's planning fee income budget set?

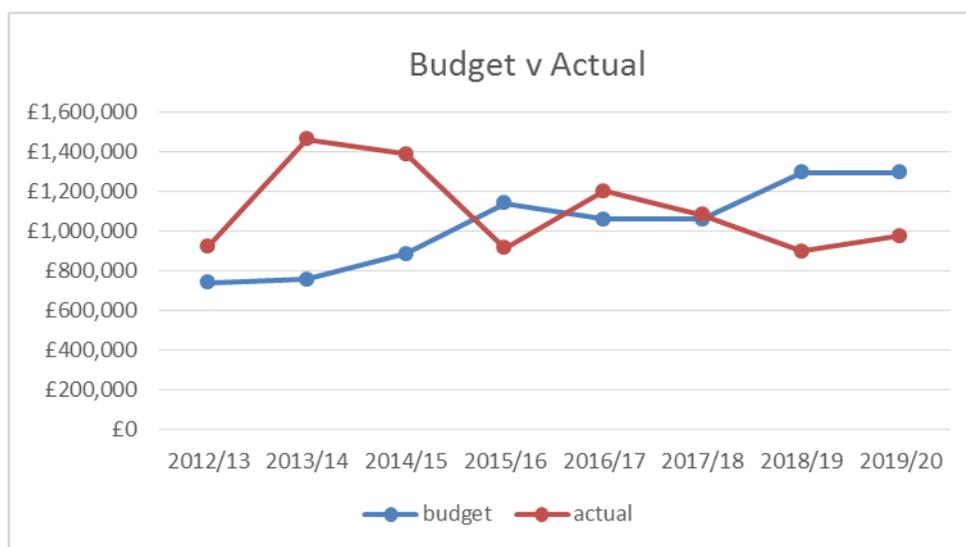
- 2.1 There is no way to accurately set the fee income expected in a future financial year through the budget process. Whilst the Local Planning Authority may be aware of development proposals being worked up by promoters from pre-application discussion or local plan allocations, it has no control over the number, type, scale or timing of planning applications that will be submitted to it and many development decisions are in reality at the mercy of external investment decisions and the state of the macro economy.

¹ <https://www.legislation.gov.uk/ukxi/2017/1314/contents/made>

² <https://www.gov.uk/guidance/fees-for-planning-applications>

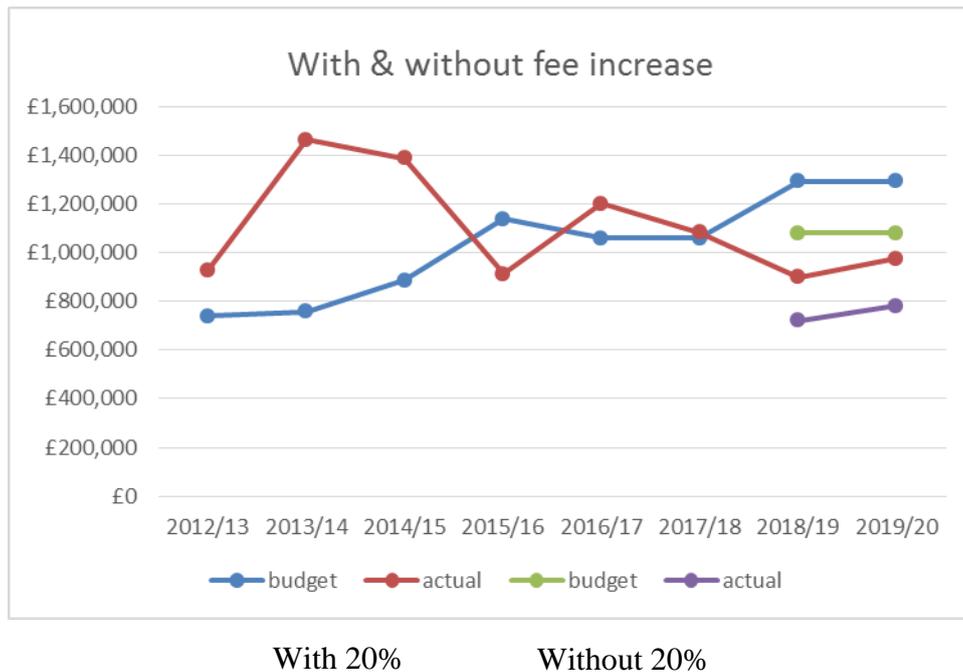
2.2 Finance and Property Services has historically calculated the planning fee income budget based on an average of the previous three years' actual fee income, projected forward by three years with a percentage annual increase added for inflation. The three-year projection is then set out in the MTFS.

2.3 The historic out turn for the planning fee budget is reflected in the chart below. Over the eight-year period a £621k surplus has been recorded.



2.4 In February 2018, Council approved an increase in the planning fee income budget in response to Government's offer to increase planning fees by 20% if that increase was ring fenced to provide additional resources in planning services. The history to this is set out in the appendix. This decision saw an increase in the planning fee income budget from £1,060,000 to £1,272,000 in 2018/19. A further increase of 2% was applied to all income budgets across the general fund resulting in an income budget of £1,293,200 for 2018/19. The same budget was agreed again in 2019/20.

2.5 A comparison between budget and actual income, with and without the 20% increase, is shown in the chart below. Had the fee income increase not been implemented, the surplus over the same eight-year period would have been £670k, a difference of £49k.



3. How was the fee increase used?

3.1 As mentioned above the pre-requisite for accepting the fee increase was to ring fence it to improve resources in planning services. The 20% fee increase was estimated in the budget to be an additional £212k on the 2018/19 fee income budget. A business case proposal was put forward through the budget process in October 2017 for a reorganisation of the service as a service pressure. This exercise considered three alternative options and risks:

- Do nothing
- Use fee increase on restructure
- Use fee increase on agency staff and don't restructure.

3.2. Senior Management Team (SMT) accepted the business case to restructure the service through the 'star chamber' process and an ongoing service pressure was added to the budget for 2018/19 following council approval of the budget in February 2018.

3.3 This additional budget of £211,700 was allocated through the Service Review cabinet report in April 2018 (minute 122 17/18 refers). The cabinet report was also subject to scrutiny.

4. What has been the outcome?

4.1 The Service review has stabilised staffing and improved morale. It also:

- Reduced agency workers from a peak of 8 FTE to 2 FTE covering key vacant posts.

- Improved staff retention rates as middle tier planning officers stopped leaving to go to neighbouring authorities for an increment of pay.
 - Principal level posts have been filled with quality candidates;
 - The programme of 'growing our own' planning officers has yielded new entrants to the profession and provided 'a seed bed' for new planning officers reducing our reliance on agency staff
 - Less recruitment with consequential savings in recruitment costs and staff resources to manage recruitment processes
 - Enforcement services have been more proactive, and more cases have been subject to enforcement action.
 - Greater attention to high quality design, in line with the Leaders request for a focus on design as part of the approval process
 - A greater stake in strategic planning processes has been secured ensuring we are leading on this agenda across the county.
- 4.2 Performance in the Service has improved and statutory targets on determining planning applications averaged 98% (KI 13), 97% (KI 14) and 100% (KI 15) for the year 2019/20 (albeit using extensions of time).
- 4.3 Customer satisfaction has improved, and complaints are down. Feedback from Councillors is generally positive and supportive.
- 4.4 In May 2020, the Strategic Development Team was restructured in response to a decrease in strategic planning work and to service a significant increase in the volume of householder applications being submitted. The Service was also expecting an increase in medium sized major housing applications for allocations in the draft local plan and therefore the changes would bring an enhancement to the capacity of senior planning officers (Post P112) by virtue of an increase in the resources of the Planning Assistant (Post M362) level. This would enable more householder work to be delegated down from the senior planning officer level.
- 4.5 In October 2020, two vacant posts were offered up through the budget process to contribute to corporate savings for 2021/22. These were the Compliance Technician (Post P139) in the Planning Enforcement Team and the Environmental Planning Assistant (Post M388) in the Natural & Built Environment Team. The latter post had been created through the 2018 Service review to provide capacity in the Team to assist the Council in securing high quality design in new development.

Appendices:

Background to planning fee increase

Background Papers:

None

Officer(s) to contact:

Richard Bennett
 Head of Planning and Regeneration
 (01509) 634763
Richard.bennett@charnwood.gov.uk

Appendix

Background to fee increase in 2017/18

- A1 The background to the fee increase is found in the February 2017 Housing White Paper. The Housing White Paper highlighted:
- Developer's concerns that the lack of capacity and capability in planning department was restricting their ability to get on site and build; and
 - LPAs reported difficulties in recruiting and retaining planners and others with specialist skills.
- A2 It concluded steps should be taken to ensure the planning system has the skills needed to deliver by increasing planning fees by 20% from July 2017 "if the LPA commit to spend the fee increase in their planning departments". It went on to commit to considering a further 20% rise in fees, subject to consultation, for those authorities delivering homes.
- A3 In order to benefit from the new planning fee increase, on 21 February 2017 Simon Gallagher MHCLG Director of Planning wrote to all councils asking S151 officers to provide commitment, and submit information on the 2017/18 budget, to demonstrate how the additional fee income would be spent on planning services.
- A4 This response was provided by the S151 officer on 13 March 2017 on the government pro forma. The response gave details of the estimated expenditure on development management services and the fee income in 2016/17 and 2017/18. It then provided an estimate of the additional fee income arising from a 20% increase in fees in 2017/18. The estimate was £165k for 2017/18 based on a notional implementation date of July 2017 to financial year end 2018.
- A5 Government confirmed in July 2017 that all LPAs had accepted the proposed 20% fee increase and had responded with the necessary information. It confirmed the fee increase was "to be ring fenced to planning services".
- A6 The 20% fee increase was finally introduced following the laying of legislation on 17 January 2018.
- A7 Government launched consultation on "Planning for the Right Homes in the Right Places" in September 2017. This included questions on a proposal for a further 20% increase in statutory fees. In March 2018 the Government responded to the consultation concluding not to increase fees further at this stage but to assess the impact of the initial fee increase on resourcing and performance of LPAs.