

# **Report to Planning Scrutiny Panel**

**Date of meeting: 13<sup>th</sup> September 2011**

**Subject: Locally agreed Fee Setting for Planning Services**

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**Committee Secretary: Mark Jenkins (01992 56 4607)**

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## **Recommendations/Decisions Required:**

- (1) To consider and note the details and progress made in enabling local fee setting for Development Control carried out in conjunction with CIPFA and Planning Advisory Services and;
- (2) To note, that the earliest effective date for any increase will take place within the 2012-13 financial year and the resource/financial implications of this.

## **Report:**

1. (Head of Planning and Economic Development) This report concerns the development of locally agreed Planning Fees against a background where the last planning fees increase took place in March 2008. Current arrangements for the local setting of planning fees is being lead by Planning Advisory Services who initially advised that legislation to enable this was due to be presented for approval by Parliament in August 2011. Unfortunately this has now been postponed and the latest advice is that enabling legislation is likely to be presented to Parliament for approval in April 2012. It is only after this legislation has been passed by Parliament, that the council will be in a position to locally set planning fees. It is also expected that part of the process will involve consultations with councillors and other stakeholders. As a result the anticipated increase in planning fees should take effect towards the end of the first quarter of the next financial year 2012–13. However the timing and whether this takes place at all is dependent on Parliament passing the required legislation.
2. This delay will have an effect on the Development Control Budgeted Income this financial year which was increased by £100 000 for 2011-12 with a further £100 000 added to the 2012-13 budget in the expectation that there would be an increase in Planning Application Fees in the 2011-12 financial year. As a result of the delays in the implementation of the enabling legislation, Development Control Planning Fees will not be increased in the current financial year which may create a shortfall in the budgeted CSB income for 2011/2012 of £100,000. Currently Development Control income is carefully monitored on a monthly basis and is ahead of budget by £40,000 mainly as a result of a number of significant applications for glasshouses.
3. An important element of locally setting Planning Fees is the full cost recovery of all planning fee earning activities. The Planning and Economic Development Directorate has been working with Planning Advisory Services (PAS) to coordinate the development of a low-cost model for local fee-setting process for planning applications. This is being carried out in conjunction with CIPFA and over two hundred local authorities to facilitate the locally agreed setting of planning fees. For the purposes of transparency and accountability, this model is benchmarked both against other local authorities across the country as well as part of a comparator process, where Local Authorities are able to select “Nearest Neighbours” who are considered to be similar in size and geographical location to compare both planning fees and costs with.

4. Local fee setting is necessary to protect “good planning” by ensuring adequate resources are applied to deliver effective and efficient services. As a result Epping Forest District Council needs a robust, transparent process to demonstrate to customers and residents what they are paying for, when making Planning Applications. The proposed benchmarking of comparative data provides such transparent information about both fees and costs in a way that promotes accountability, value for money and efficiency to drive forward productivity. However implementing cost recovery in Planning, is less sharply defined than in other regulatory services such as Building Control and clear guidance is therefore required to help ensure that costs are recovered in a fair way given the lack of choice for customers.
5. In order to develop a suitable “fit for purpose” Fee Charging Model for Planning Services, there is a need to understand how much our planning processes cost and whether the resources are available in the right place and at the right time to deliver high quality Planning Services. The main driver behind exploring different models of delivery is the need to reduce costs and make savings. However it is essential that this is carried out within a framework of customer and stakeholder service satisfaction. It is proposed that this should take place by changing the direction of planning services from outcome-based to a common sector benchmarked framework that meets customer and residents needs. Within this approach the cost recovery element for fee earning activities will help to reduce the burden of planning costs on local council tax payers in Epping Forest District.
6. It is proposed that Epping Forest District Council be able to set their own fees based on the cost model developed with CIPFA and Planning Advisory Services. This model is considered to be a low cost, self service model that is benchmarked with other Local Authorities to ensure transparency, which is fit for purpose and ready for implementation. Planning, like most public services, is being expected to maintain service, productivity and performance levels with less money. Benchmarking helps councils to respond to this by providing useful, comparable information about the real costs of providing the service. It does this by measuring costs of services, productivity, and performance and compares this with other local authorities. This fee setting arrangement seeks to achieve full cost recovery of all Development Control Fee Earning activities and lessen the burden on local council tax payers.
7. Currently the costs to participate in the CIPFA Benchmarking Club, is under £500 per annum, 50% of which is subsidised by Planning Advisory Services. Epping Forest District Council joined the CIPFA Benchmarking Club in October 2010 and participated in the first CIPFA Benchmarking exercise from 1<sup>st</sup> to 26<sup>th</sup> November 2010 along with 89 other local authorities. As this was the first exercise based on time recording of planning activities a number of improvements were identified. As a result a far more accurate exercise was carried out from 27<sup>th</sup> June to 22<sup>nd</sup> July 2011. The proposed benchmarking comprises of two key elements, the cost per hour and the average time each planning application takes in hours or part thereof. As a result planning applications will then be categorised in a completely different way of numbering with the new locally set planning fees calculated in the format of A x B (where A is the cost per hour and B is the hourly resource calculation per application type). The Benchmarking exercise requires that the Cost Model – Recoverable Costs must balance with the Fees Model – Projected/Proposed Fees so as to achieve full cost recovery of fee earning planning application activity.

**Reason for decision:**

To report on the progress of Local Fee Setting as presented to Planning Scrutiny on 10<sup>th</sup> January 2011.

**Options considered and rejected:**

Do not implement Local Fee Setting. This is not an option as the current arrangements for Planning Fees with Planning Advisory Services will cease to have legislative effect from the 1<sup>st</sup> October 2012.

**Consultation undertaken:**

Management Board/Cabinet Members Session, 15<sup>th</sup> December 2010 item number 189.

Proposals for Changes to Planning Application Fees in England Consultation presented to Planning Scrutiny Panel by Assistant Director Development Control 10<sup>th</sup> January 2011. The summary of that consultation document is attached for ease of reference.

Finance and ICT Service – An increase in Planning Fees is supported by Finance (RS)

**Resource implications:**

This will have an impact on the level of Development Control Budgeted Income for both 2011-12 and 2012-13. As a fee increase is subject to statutory approval the earliest possible date this will take place is in April 2012. This will have an impact on the level of Development Control Budgeted income for both 2011-12 and 2012-13 where additional CSB income of £100,000 was included in both years for the new fee increases. This may result in a shortfall in CSB budgeted income for 2011/2012 although current indications are that Development Control income is ahead of budget by £40,000 resulting from a number of significant applications for glasshouses.

Personnel: N/A

**Background papers:** (Full Copies are available on request)

Proposals for Changes to Planning Application Fees in England Consultation  
Department of Communities and Local Government November 2010. (summary attached)

Local Authority Planning Fee Accounting (Draft)

The Chartered Institute of Public Finance and Accountancy June 2011-08-30