

CABINET

17 November 2004

CHANGES TO THE SYSTEM FOR PLANNING FEES, CHARGING FOR DISCRETIONARY PLANNING SERVICES AND ACCESSIBILITY OF THE PLANNING SYSTEM TO ALL

REPORT OF THE DIRECTOR OF DEVELOPMENT SERVICES

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RECENT REFERENCES:

EA42 DEVELOPMENT SERVICES DEPARTMENT BUDGET 2005/6 20 October 2004

EXECUTIVE SUMMARY:

This paper provides further information on the potential for a fee regime which could be considered, outside the determination of planning applications, following the commencement of the Planning and Compulsory Purchase Act in September 2004. It is proposed that this fee regime for discretionary Planning Services is not introduced by Winchester City Council, until the completion of further consultation work being undertaken by the Office of the Deputy Prime Minister. Following this consultation, the Office of the Deputy Prime Minister has indicated that it may standardise fees for these activities (principally for pre-application advice).

The Office of the Deputy Prime Minister (ODPM) proposes that a revised statutory planning application fee regime will be introduced in 2005/6 with further potential increases after 2005/6. The Government's intention is that planning fees (concerned with the determination of planning applications) should rise to help ensure adequate resourcing of the planning service. Whilst a national average rise of around 17% is anticipated in 2005/6, a more conservative estimate for Winchester City Council would be around 10% or £60,000. This is estimated on a number of factors, including the profile of the type of applications received within the District.

The ODPM recently issued a guidance document, "*Making the planning system accessible to everyone: good practice guidance on access to and charging for planning information*", which should be considered alongside the potential to charge for discretionary planning services, particularly in relation to social inclusion. It clearly states that it is Government policy to encourage free access to information by as wide a cross section of the community as possible and to make sure that any charges are reasonable.

RECOMMENDATIONS:

- 1 That additional planning fee income derived from statutory fee increases (if implemented by Government), estimated at around 10% or approximately £60,000 in 2005/6, is utilised within the Planning Service to improve the quality of service for users of the system, as proposed by the Office of the Deputy Prime Minister (ODPM).
- 2 That any fee regime for discretionary planning services outside the determination of planning applications be deferred for at least 6 months and pending further consideration in 2005, following the "pilot" at East Hampshire District Council and the results of a consultation process currently being undertaken by the ODPM.
- 3 That the Director of Development Services review publications and administration/copying charges in light of ODPM good-practice guidance and the Council's new social inclusion policy and that responsibility for the final scale of fees be delegated to the Director of Development Services in consultation with the Portfolio Holder for Planning and the Director of Finance.

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DETAIL:

1 Introduction

- 1.1 The Planning and Compulsory Purchase Act received Royal Assent on Thursday 13th May 2004 and commenced on 28th September 2004. The Act allows the principle of charging for discretionary planning services, principally pre-application advice but in addition amended plans, compliance with conditions and other post-decision discussions or other development control related activities. This paper provides further information on areas where a fee regime could be considered outside the determination of planning applications.
- 1.2 On 16th September 2004, the Office of the Deputy Prime Minister issued a consultation document "*Changes to the system of planning fees in England*", the Government's proposals for a new statutory planning fees system from 1st April 2005. It is proposed that the revised fee regime will be introduced in 2005/6 with further potential increases after 2005/6. The Government's intention is that planning fees should rise to help ensure adequate resourcing of the planning service. Whilst an average rise of around 17% is anticipated in 2005/6, a more conservative estimate for Winchester City Council would be around 10% or £60,000 (as explained in paragraph 3.5).
- 1.3 The Office of the Deputy Prime Minister has also recently issued a guidance document (September 2004), "*Making the planning system accessible to everyone: Good-practice guidance on access to and charging for planning information*", which should be considered alongside the potential to charge for discretionary planning services, particularly in relation to social inclusion. It clearly states that it is Government policy to encourage free access to information by as wide a cross section of the community as possible and to make sure that any charges are reasonable.

2.0 Charging for Discretionary Planning Services

- 2.1 Following the commencement of the Planning and Compulsory Purchase Act in September, it is now possible for local planning authorities to charge for aspects of the planning development control service which were previously prohibited. Prior to September, the planning authority could only charge the statutory planning fees for planning applications, together with administration/photocopying and publication fees.

- 2.2 On 21st July 2004, East Hampshire District Council's Cabinet decided to introduce charges for discretionary planning services from September 2004. The responsibility for the final scale of fees was to be delegated to the Head of Planning Control and Strategic Manager, but were principally for the following activities:
- Pre-application advice (estimated additional income of £16,000);
 - Compliance checks (estimated additional income of £1,000);
 - Amended plans (estimated additional income of £5,700); and
 - Compliance with conditions (estimated additional income of £2,500).
- 2.3 Winchester City Council currently undertakes approximately 1,500 pre-application advice surgeries each year and could potentially respond to up to 1,000 pre-application advice letters each year. Assuming an average planning application fee of £214 and a pre-application advice surgery fee at 25% of this fee, then potential income (based on a 50% take up) could be around £40,000. Assuming a fee of £25 per advice letter then income could be around £25,000 per year. These figures could be overstated, as it is not known what the take up might be and they are somewhat higher than East Hampshire's estimates. The income should not exceed the costs of the provision of the service.
- 2.4 East Hampshire District Council's charges proposal, and the subject of charges for discretionary planning services in general, was discussed at several meetings of HIPOG (Hampshire and Isle of Wight Planning Officers Group) - Development Control Leaders Group during 2004. The main subject of these discussions was the potential charges for pre-application advice.
- 2.5 Some of the advantages to the introduction of charges for pre-application advice include the following:
- The applicant would pay for the advice, not the tax-payer;
 - The fees could be based on a percentage of the overall fee or a sliding scale of fees, meaning larger fees for bigger developments and less impact on the householder;
 - Income could be used to reinvest in improvements to the planning service;
 - Income could be used to reduce the call on Council tax;
 - Income could be used to invest in staff resources for proper records/minute taking during the pre-application advice meetings; and
 - The charges could mean that the professional level of advice and customer care would improve.
- 2.6 Some of the disadvantages to the introduction of charges for pre-application advice including the following:
- The applicant could choose not to seek advice and assistance, resulting in poorer quality application submissions;

- Poorer quality submissions may result in potential delays in the planning process;
- Poorer quality submissions may cause inferior developments or protracted negotiations during the planning process;
- A potential increase in the number of complaints concerning the quality of pre-application advice;
- Income gained from the pre-application service may not be sufficient to fund the customer service expectations; and
- Income gained from the pre-application service may not be sufficient to fund the additional resources to ensure that proper records are maintained.

2.7 In the opinion of the majority of the Development Control Leaders Group (DCLG), the risk of customers choosing not to seek advice and assistance, resulting in poorer quality submissions and potential delays/protracted negotiations later in the planning service, was a considerable disadvantage which could outweigh the benefits of charging. The main area for concern was that the charges may disadvantage Householder applicants. Whilst a fee based upon a percentage (of say 25%) of the overall planning fee would keep the cost fairly low for householders, this could still be prohibitive alongside the planned increase in statutory planning application fees. The majority of the DCLG were keen to review the progress of East Hampshire's pilot scheme before implementing any fees regime within their individual local planning authorities.

2.8 Following discussion with East Hampshire in September, the only other authorities known to have already introduced discretionary charges for planning services are several London boroughs. The ODPM consultation document "*Changes to the system of planning fees in England*", outlined that a review would be undertaken of those authorities that are starting to charge for discretionary planning services and that best practice guidelines on charges or potentially introduce or suggest standard charges might subsequently be issued.

3.0 Changes to the System of Planning Application Fees

3.1 The Office of the Deputy Prime Minister's consultation document "*Changes to the system of planning fees in England*", on 16th September 2004, outlined the Government's proposals for a new planning fees system from 1st April 2005. This document responds to a Green Paper commitment to review the fees system in order to find more efficient ways to bring resources into planning, to identify the true costs of the planning service and identify options for increasing resources and extending the scope of the fees regime.

3.2 The consultation document is the first step in the introduction of a revised fee regime in 2005/6 and further rises are expected to be proposed after 2005/6. The fee proposal options form part of an overall finance package (along with Planning Delivery Grant which will continue beyond 2005/6) which seeks to increase the resources available to the planning service whilst improving the quality of service for users of the system. For the first time, a performance and quality measure is also proposed to accompany fee increases. A key message of the consultation document is that it is the Government's intention that planning fees should rise to help ensure adequate resourcing of the planning service.

3.3 The key proposed fee changes for 2005/6 are:

- Increases in all fees, but higher increases for larger applications and maximum fee levels raised;
- The option for local planning authorities meeting Government targets for handling major applications to charge higher fees for those applications; and
- The option for local planning authorities to reduce fees for online applications.

3.4 The increases to planning fees will reflect the following assumptions:

- Full cost recovery to include overheads is estimated at an average of 39% increase in fees (but this is weighted towards the largest applications, as these are much further from cost recovery at present);
- A phased approach to an increase in fees will be introduced, towards this cost recovery, as Planning Delivery Grant is gradually reduced. The Government anticipate a national average rise of around 17% in 2005/6.
- The charging of fees relates as far as possible to public good (rather than private benefit).
- Research findings have identified the planning service as under-funded, in part due to insufficient fees coverage. In future where authorities set their own fees, these will be limited to the requirement that these authorities must not make a profit from those fees.
- Fees are proposed to be increased in order to sustain improvements in performance of local planning authorities and to build on the positive effects of Planning Delivery Grant, the overall aim being to help authorities meet their costs and provide a better service for applicants.

3.5 It is felt that in the first year, Winchester City Council's planning fee income may increase by 10%, rather than the anticipated national average of 17%. There are several reasons for this, namely:

- Winchester City Council do not receive a large number of Major applications (for which a greater fee applies) relative to the number of Minor or Householder/Other type applications;
- Winchester City Council receive a relatively large number of non-fee related applications, such as Listed Building and Conservation Area applications and applications for planning permission where Permitted Development Rights are removed;
- There is some evidence to suggest (in 2004/5) that planning fee income is declining overall slightly.

3.6 The consultation document suggests that local authorities may choose to reduce fees on the basis of their own cost calculations specifically for on-line applications. However, the ODPM is undertaking benchmarking in 2004 to provide some guidance

on the relative cost handling of planning applications at each stage of the process for electronic and paper-based systems, which will be made available to authorities on request.

4.0 Good-practice Guidance on Charging for Planning Information

4.1 The ODPM's guidance document, "*Making the planning system accessible to everyone: Good-practice guidance on access to and charging for planning information*", relates to the Government commitment to:

- Increase public access to planning information ;and
- Making sure that charges for copies of planning documents do not disadvantage those trying to get involved in the planning process and that any charges made are reasonable.

4.2 The guidance is intended to encourage local planning authorities to go beyond the minimum requirements for access to information and help authorities in preparation of statements of community involvement. It also sets out the legal responsibilities of local authorities to publicise development/draft plans, planning and other applications and the public's right to see and have copies of planning documents (including agendas, reports, minutes etc).

4.3 The guidance also deals with charging for copies of planning documents and photocopying, taking the view that the charge should not be more than the costs of "producing" the material.

Document Type	Winchester City Council's Current Fee	District Average	ODPM's Recommendation
Development Plan	£40 old £50 new £25 for CD (free on web)	£42.50	Reduced rates for identified groups
Planning History Search Info	£35.25 for solicitors and free for householders. Self-service free (with reception helping)	£17.64 set fee £31.70 per hour	£below the average (i.e. £17.64) Self-service free of charge
Committee Report	£1 then £0.20 per copy (free on web)	Most at standard photocopying rate	No charge for "live" cases (i.e. not decided) or just a standard rate for A4 photocopying
Decision Notices	£15 (will be free on web)	Range between £1.50 and £34	Low fee (at lower end of range) or at photocopying rates.
A4/A3 Copies	£1 then £0.20 per copy	£0.62	£0.10 (or free) + admin fee as low as possible

A0/A1	£6.70 then same copy £3.00	Not given	Low as possible or free
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Note: 1. These fees fall within our statutory obligations and therefore are non-VAT chargeable

Note: 2. ODPM guidance for photocopying rates is 10p per sheet of A4 (also reflecting the lease on most photocopier machines). If an extra administrative fee to cover staff time is charged, then this should be clearly explained and kept as low as possible.

- 4.4 The guidance also suggests that Local Authorities consider (particularly for charges for development plans), reduced rates for students, elderly people, unemployed people and local residents. This would comply with the Council's social inclusion strategy, to ensure that fees and charges are modified to direct resources to those most in need of financial assistance.
- 4.5 The guidance provides information about how the LPA should carry out statements of community involvement and the requirements for this, which will be reviewed by the Forward Planning Team in Development Services, in consultation with the Head of Policy.
- 4.6 It is proposed that the planning charges for publications and photocopying/administration are reviewed in light of the ODPM guidance and Winchester City Council's Social Inclusion policy. It is also proposed that responsibility for the final scale of fees could be delegated to the Director of Development Services, in consultation with the Portfolio Holder for Planning and the Director of Finance.

OTHER CONSIDERATIONS:

5 CORPORATE STRATEGY (RELEVANCE TO):

- 5.1 Winchester City Council's corporate priority of Social Inclusion is "to ensure that everyone can play a full part in the life of their community". Therefore, charges for discretionary planning services and copies of documents and publications must not disadvantage those members of the community trying to get involved in the planning process.

6 RESOURCE IMPLICATIONS:

- 6.1 As described above and as reported in the Development Services Department Budget 2005/6 (Environment and Access Performance Improvement Committee EA42). It is anticipated that statutory planning application fee increases likely to be introduced from 1st April 2004 will provide additional income estimated at around £60,000. It is proposed (as set out in EA42) that these fees be reinvested in the planning service. Following the outcome of the East Hampshire authority pilot, Winchester City Council may decide to introduce charges for discretionary services in six months time (i.e. from May 2005 onwards). The annual income potential is estimated at £65,000. As set out in EA42, it has been projected that there may be £15,000 of income from these charges in 2005/6 to support corporate growth, whilst this may need to be delayed until 2006/7.

BACKGROUND DOCUMENTS:

ODPM Guidance Document September 2004 "*Making the planning system accessible to everyone: Good-practice guidance on access to and charging for planning information*",

ODPM Consultation 16 September 2004 - "*Changes to the system of planning fees in England*"

APPENDICES:

None