

CABINET

2 June 2015

Title: Review of Pre-Application Fees and Planning Charges	
Report of the Cabinet Member for Regeneration	
Open Report	For Decision
Wards Affected:	Key Decision: Yes
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Accountable Divisional Director: Jeremy Grint, Divisional Director of Regeneration	
Accountable Director: Chris Naylor, Chief Executive	
Summary <p>The Council's Planning Service needs to continue to modernise to deliver the three challenges of improving customer service, reducing the cost of service delivery and increasing income. Important components of this are the charges the Council sets for providing advice to developers and householders before planning applications are submitted. Not only are these important for maximising income but also, particularly in the case of applications for home extensions, for incentivising customers to do more for themselves and rely less on face to face or phone contact with the Council.</p> <p>This report also seeks approval for the use of Planning Performance Agreements (PPA). These are agreements between the Council and a developer on the timetable for a planning application, the level of service the Council will provide and the resources necessary to ensure this. PPAs are a means for the Council to increase its capacity to deliver its growth agenda without incurring extra cost. Therefore the intention would be to enter into PPAs for major sites such as Beam Park, Barking Riverside and the sites within the Barking Housing Zone. Typically a fee for a PPA would be between £25,000-£50,000 depending on the size of the development.</p>	
Recommendation(s) <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none">(i) Agree the new pre-application charges set out in Appendix 1 which include a new charge for home extensions and alterations; and(ii) Authorise the Divisional Director of Regeneration to utilise Planning Performance Agreements for Major Developments and agree such terms and fees as he considers are an effective recompense for Development Management Services so employed.	
Reason(s) To assist in growing the borough and encouraging social responsibility.	

1. Introduction and Background

- 1.1 The Council's Planning Service needs to continue to modernise to deliver the three challenges of improving customer service, reducing the cost of service delivery and increasing income. Important components of this are the charges the Council sets for providing advice to developers and householders before planning applications are submitted. Not only are these important for maximising income but also, particularly in the case of applications for home extensions, for incentivising customers to do more for themselves and rely less on face to face or phone contact with the Council.
- 1.2 At the same time the Council's Planning Service needs to increase capacity not only to deal with an increasing number of planning applications and other approvals but also to deliver the Council's ambitious growth agenda of 35,000 new homes and 10,000 jobs.
- 1.3 In 2011/12 the Council's planning service dealt with 648 planning applications, in 2014/15 670, when prior approvals, conditions and non material amendments are included the increase is from 819 to 1262. In the same period net expenditure for the Development Management service reduced from £144,950 to £66,400 and will reduce further to £7400 in 2015/16 due to increased income targets and salary savings. The Development Management Service now has 6 full-time planners down from 7.8 in 2011/12.

Financial year	Total planning applications	All cases including Priors, NMA, TPO and CDN	Total FTE	Planning applications per person	All per person
2011/12	648	819	7.8	83	105
2012/13	646	840	6.3	103	133
2013/14	606	948	6.3	96	150
2014/15	685	1248	6	114	208

- 1.4 The Development Management service relies on the Local Plan which is produced by the Planning Policy Team. The net expenditure for the Planning Policy Team has reduced from £660,500 in 11/12 to £311,800 in 15/16. The main function of the Planning Policy Team is to prepare the Council's Local Plan. This is a statutory document which National Planning Policy Guidance advises should be reviewed every five years. The Council's current Local Plan was adopted in 2010. The first part of the review is to prepare and consult on an issues and options report. This is planned to be reported to 21 July 2015 Cabinet. The review of the Local Plan will need to take forward the Council's ambitious growth agenda of 35,000 new homes and 10,000 new jobs and translate this into a deliverable strategy which creates successful places. It will both inform the Growth Commission and embody its recommendations. The Local Plan will clearly set out to developers the development opportunities in the borough and the Council's expectations for the quality and form of that development. The Local Plan will therefore also be indispensable to the Development Management service to they can work with developers to ensure their developments meets the borough's expectations. Therefore it is not only necessary for the Development Management service to become self funding but also to help cover the cost of the Local Plan which is essential in delivering growth but does not in itself generate income.

2. Proposal and Issues

2.1 The Local Government Act 2003 allows local planning authorities to charge for discretionary services in order to recover costs. There are two main areas the planning service can recover costs.

- The cost of giving pre-application planning advice
- Planning performance agreements

Pre-application planning advice

2.2 Currently 95% of the planning service's income is from planning application fees which are set nationally. The remainder is from the charges the Council sets for giving pre-application planning advice. The current system of pre-application planning advice was agreed by 21 April 2009 Executive (minute 172 refers). The charges were introduced to allow the Council to fund the introduction of a formal pre-application service so it could advise developers on their proposals prior to submitting a planning application. This provides an opportunity for the Council to advise on the acceptability of the scheme and whether changes are necessary, the Council also advises on the likely level of developer contributions and what supporting documentation needs to be submitted with the application. The result is that the quality of applications which have been through the Council's pre-application process is generally higher than those which have not. They are less likely to be invalid and less likely to need changing post submission. However the Council's fees were set in April 2009 and many Councils have updated their charges since then. The result is the Council's pre-application fees are generally lower than neighbouring boroughs and other similar authorities in London.

2.3 The Council's current fees are based on an analysis of the direct costs incurred in providing the pre-app service under each of the four categories. However they take no account of the cost in preparing the Local Plan which is the starting point for the advice given in pre-app meetings. Currently the net expenditure of the Council's Planning Policy Team is £311,800 and it generates no income. In the last financial year £28,710 was received through pre-application fees out of a total income received of £556,500. Therefore pre-app fees generated only 5% of planning application income, the remaining 95% was from nationally set planning application fees. The opportunity has been identified to generate additional revenues through a review of charges, with broad estimates of between £35,000 - £86,000 suggested. Therefore at the most this will help meet 25% of the cost of the Council's Planning Policy Team and therefore an increase in charges is entirely justified since in line with Section 93 of the Local Government Act 2003 the charges will remain on a not-for-profit basis (year-by-year) and, taking one year with another, the income from the charges for the pre-application service will not exceed the cost of providing them.

2.4 Provided below is a comparison of Barking and Dagenham's existing and proposed fees with similar and neighbouring authorities.

Table 1 – Comparison of pre-application planning fees.

Barking and Dagenham (existing)	<i>Household</i>	<i>Small-adverts and telecoms Medium - 1-9 homes, 100-999 sqm</i>			<i>Large 10-49 1000-4999 sqm</i>		<i>Major 50+ 5000 sqm+</i>	
	£0	£108-£540			£1032		£2064	
Barking and Dagenham (proposed)	<i>Household</i>	<i>Small business <200 sqm</i>	<i>Small 1-9 homes 200-999 sqm</i>		<i>Medium 10-49 homes 1000-4999 sqm</i>		<i>Large 50-99 homes 5000-9999 sqm</i>	<i>Strategic 100 homes >9999</i>
	£100	£200	£1000		£2000		£3000	£4000
Newham	<i>Household</i>	<i>Small 1-3 homes</i>		<i>Medium 4-9 homes 100-999 sqm</i>	<i>Major 10-99 1000-4999sqm</i>			<i>Large major 100+ 50000 sqm+</i>
	£0	£375		£750	£1500			£3000
Havering	<i>Household</i>	<i>1 home <99 sqm</i>	<i>2-3 homes 100-499 sqm</i>	<i>4-9 homes 500-999 sqm</i>	<i>10-24 homes 1000-1999 sqm</i>	<i>25-49 homes 2000-4999 sqm</i>	<i>50-99 homes 5000-9999 sqm</i>	<i>100+ 10000 sqm</i>
	£50-£80	£150	£300	£800	£1500	£1750	£2000	£2500
Redbridge	<i>Household</i>	<i>Small 1-3 homes <300 sqm</i>		<i>Medium 4-9 <900 sqm</i>	<i>Major 10-25 1000-2000 sqm</i>	<i>Large 25> 2000 sqm</i>		
	£0	£350		£700	£1500	£3000		
Brent	<i>Household</i>	<i>Small 1-3 homes</i>		<i>Minor 4+ homes 500-999 sqm</i>	<i>Major 10-24 1000-1999 sqm</i>	<i>Large major 25-149 2000-4999 sqm</i>		<i>Strategic 150+ 5000 sqm+</i>
	£0	£0		£1000	£2500	£5000		£7500
Greenwich	<i>Household</i>	<i>1-9 home 100-999 sqm</i>			<i>10-199 homes 1000-9999 sqm</i>			<i>200+ 10000 sqm+</i>
	£0	£791			£2260			£3954
Hounslow	<i>Household</i>	<i>1 home 2 flats</i>	<i>2-4 homes</i>	<i>5-9 homes <250 sqm</i>	<i>10-23 homes 250-999 sqm</i>	<i>24-49 homes 1000-1999</i>	<i>50+ 2000 sqm+</i>	
	£170	£300	£693	£1386	£2772	£3590	£5040	
Ealing	<i>Household</i>	<i>Minor 0-9 homes 0-999 sqm</i>			<i>Major 10-99 homes 1000-9999 sqm</i>			<i>Strategic 100+ homes 10,000 sqm+</i>
	£0	£1,500			£2,000			£4,000

2.5 Based on this comparison it is recommended that the charges for pre-application planning advice are increased as shown in the following table.

Existing pre-application charges		Proposed pre-application charge	
Category A – Major Scale Development	50+homes Non-residential over 5000 sqm	Strategic Development	100+homes Non residential over 10000 sqm
		£4000	
		Large Development	50-99 homes Non residential 5000-9999 sqm
£2064		£3000	
Category B – Large Scale Development	10-49 homes Non residential 1000-4999 sqm	Medium Development	10-49 homes Non residential 1000-4999 sqm
£1032		£2000	
Category C – Medium Scale Development	1-9 homes Non residential 100-999 sqm	Small Development	1-9 homes Non residential 200-999 sqm
£540			
Category D – Small Scale Development	Small adverts Telecoms Non residential less than 100 sqm		
£108		£1000	
		Small Business	Non residential <200 sqm
		£200	
		Householder	
		£100	

2.6 It is proposed to introduce a new category for Householder applications with a charge of £100 which sits between what Hounslow and Havering currently charge. This will cover proposals for residential extensions and alterations.

2.7 Currently the lowest charge is for Small Scale Development which is defined as adverts and telecoms and non residential applications or changes of use with a floorspace less than 100 sqm. The current charge for advice on Small Scale Developments is £108. It is proposed to merge this with the Medium Scale Development category which covers proposals for 1-9 homes, flat conversions and non residential applications or changes of use with a floorspace of 100 sqm – 999 sqm. The current charge for Medium Scale Development is £540. This new category would be called Small Development with a charge of £1000. However the floorspace threshold for non-residential uses would be increased to 200sqm and a new category introduced for Small Business covering proposals for non residential applications, including changes of use, with a floorspace of less than 200 sqm. Currently these are charged £108 if less than 100 sqm and £540 if between 100 and 200 sqm, but in future it is proposed to charge them £200. Shops units in the borough retail parades are typically below 200 sqm in size.

- 2.8 Currently the Large Scale Development category covers proposals for 10-49 new homes and non-residential applications between 1000-4000 sqm. The current charge for advice on Large Scale Developments is £1032. It is proposed to rename this category Medium Development with a charge of £2000 and introduce two new categories, Large Development and Strategic Development. Large Development covers 50-99 homes and non-residential development of 5000-9999 sqm and Strategic Development covers 99+ homes and non-residential development of 10000sqm+. It is proposed to charge £3000 for pre-application advice on Large Development and £4000 for Strategic Development which reflects that fact that the advice provided on larger schemes is more complex and time consuming. To put these increases into perspective a development of 10 homes will typically have a gross development cost of between £1-£2 million; a development of 100 homes - £100-200 million. The new charges are encapsulated in a table in Appendix 1.
- 2.9 The introduction of a charge for providing advice on home extensions and alterations is a significant but necessary change. Currently people can ring the Council's planning officers, send them emails or visit their offices without booking in advance, for free advice on household extensions. This is unsustainable. Despite planning officers being freely available in this way and despite a significant amount of their time being spent giving free advice the quality of resultant planning applications is often poor and require changes to make them acceptable. The answer to most, if not all, of these queries can be found on the Council's website which has recently been changed to help people self serve. If someone wants to know what they can do without planning permission there is a clear link to the excellent Planning Portal website which has a clear interactive guide showing what householders can do under permitted development. If the applicant establishes they do need planning permission then the Council's guidance on Residential Extensions and Alterations clearly sets out what is acceptable. This is made crystal clear on the Council's planning home page. Therefore nearly all the queries the Council receives about home extensions and alterations are avoidable contact. Introducing a pre-application charge for advice on these will act as an incentive for applicants to find the answer out for themselves online. On the introduction of this charge the Council's website will make clear that free advice is no longer offered by the Council. This will free up case officers time to write up planning applications thereby increasing the capacity of the service.

Planning Performance Agreements (PPA)

- 2.10 National Planning Practice Guidance encourages the use of Planning Performance Agreements for complex major planning applications. They allow the Council to agree with the developer a project plan for the planning application from inception through to a decision being made and then the discharge of conditions, identifying the necessary resources to support this. The benefits to the Council and the developer in entering into a PPA are:
- better overall management of pre-application and post application stages increasing confidence and reducing risk;
 - identification of key issues at an early stage;
 - more realistic and predictable timetables;
 - greater accountability and transparency;
 - improved partnership working; and
 - continuity and consistency from Council officers

- 2.11 A fee is usually negotiated with the developer for entering into a Planning Performance Agreement. This fee would reflect the cost to the Council of providing the right level of resource to deliver the agreed quality of service and the agreed timescales set out in the PPA. This would also cover pre-application charges which would not be charged separately. PPAs are therefore a means for the Council to increase its capacity to deliver its growth agenda without incurring extra cost. Therefore the intention would be to enter into PPAs for major sites such as Beam Park, Barking Riverside and the sites within the Barking Housing Zone. Typically a fee for a PPA would be between £25,000-£50,000 depending on the size of the development. Officers would produce a standard template for PPAs which would include a clear statement of the proposed development, the objectives, the service level performance standards to be provided, parties obligations, information requirements, timescales, dispute resolution and payment profile.
- 2.12 It is important to stress that a PPA would not fetter the Council in exercising its statutory duties as a local planning authority or prejudice the outcome of the planning application or the impartiality of the Council.

3. Options Appraisal

- 3.1 The review of pre-application fees and using Planning Performance Agreements are important components of the Action Plan for changes to the Council's Planning Service to increase capacity and improve customer service whilst delivering savings. Taken together they will reduce the cost of the service to the Council whilst ensuring it has the capacity to deliver the Council's growth agenda. The increased pre-application charges bring the Council into line with neighbouring and comparative boroughs. The introduction of a charge for pre-application advice on household extensions will encourage channel shift and free up case officers to deal with more planning applications. The use of Planning Performance Agreements will be essential to ensure the service has the capacity to deal with the very biggest planning applications and make sure the resultant developments are of maximum benefit to the borough.

4. Consultation

- 4.1 Relevant Council services have been consulted on the proposals.

5. Financial Implications

Implications completed by: Carl Tomlinson, Finance Group Manager

- 5.1 The introduction of charges in respect of advising developers and home owners on their proposals prior to submitting a planning application will not only generate additional income for the service but the inevitable reduction in planning related enquires should also free up Planning Officers' time, thereby increasing capacity of the service. The recent upturn in activity within the construction industry has already increased the number of planning applications received by the Authority.
- 5.2 The introduction of Planning Performance Agreements will formalise the Planning process for larger scale developments. Fees will be negotiated that reflect the cost

to the Council of providing the level of service required to support the planning application process.

- 5.3 The income received in 2014/15 from pre application planning fees for major developments was £28,710. The amount of additional income that these wider proposals will generate is obviously impossible to accurately estimate as future levels of demand are uncertain, but broad estimates of between £35,000 - £86,000 have been suggested by Agilisys.
- 5.4 What ever the amount, any additional income received will enable the Development Management team to become fully self financing and also make a contribution towards the cost of the Planning Policy team. The Planning Policy team are responsible for providing the “Local Plan” which sets out to developers the development opportunities in the borough and the Council’s expectations for the quality and form of that future development.

6. Legal Implications

Implications completed by: Paul Feild, Senior Corporate Governance Solicitor

- 6.1 The Local Government Act 2003 enables local authorities to make charges for non-statutory discretionary services to recover the cost of doing so. As the pre-application agreement is not a statutory requirement then as long as it is not intended to make a profit fee charging is lawful.
- 6.2 The Guidance within the Nation Planning Policy Framework expects that there will be clarity as to the fee structure and what services will be charged for and those which will not.
- 6.3 The Planning Performance Agreement itself will vary in structure depending upon the nature of application and the services that will be provided. For a significant development the agreement will need to set out a clear statement of the proposed development, the objectives, the service level performance standards to be provided, parties obligations, information requirements, metrics, timescales and set out the project plan milestones, dispute resolution and payment profile.
- 6.4 It is important to understand that the entering into a Planning Performance Agreement does not guarantee a grant of planning permission by the Council, all applications will still be subject to the law, the National Planning Policy Framework, the London Plan and the Councils Local Plan and the discretion of the Development Control Board to determine the application. The Government encourages involvement of elected Members in the pre-application stage to give an informed view. The proposals in this report should lead to a swifter development process with structured co-operative working with the Council, Community and Planners.

7. Other Implications

- 7.1 **Risk Management** – The main risk is that the increase in pre-application fees deters developers from doing business in the borough. However these fees are a fraction of total development costs and should not deter serious developers from developing in the borough. The risk to developers of abortive costs is very low since over the last two years the Council has dealt with eighty four major planning

applications and refused three. Therefore in this borough developers can enter the pre-application planning process with confidence, knowing it is money well spent.

- 7.2 **Staffing Issues** – The use of Planning Performance Agreements will help increase the Development Management service’s ability to deal with the very biggest applications such as Barking Riverside, Beam Park and sites within the Barking Town Centre Housing Zone without the Council incurring any extra expenditure. The increase in pre-application fees will increase income and help sustain the Council’s Planning Policy Team. The new charge for householder advice will reduce the time case officers spend dealing with customer queries allowing them to spend more time dealing with planning applications.
- 7.3 **Corporate Policy and Customer Impact** – The increase in pre-application fees and the use of Planning Performance Agreements is necessary to ensure the Council’s planning service has the capacity to deliver the Council’s growth agenda. For major developments the increase in fees is a fraction of total development cost and ensures the Council can provide the level of service that developers expect and demand. In terms of customer impact the most significant change is the introduction of a charge for advice on householder extensions and alterations. This is necessary because the service can no longer afford to provide free advice, especially when there is no evidence that this free advice adds any value to the planning process. The charge will incentivise customers to use the Council’s website for their queries or failing that to use a planning agent for their project. Where the customer still feels they need advice from the Council then it is proposed to charge £100 for a short meeting with a written record. Currently Thurrock, Havering and Hounslow charge for householder advice.

Background Papers Used in the Preparation of the Report:

List of appendices:

- **Appendix 1:** Pre-application charges