

**CABINET
15TH JUNE 2017**

**REPORT OF MRS JENNY CLIFFORD, THE HEAD OF PLANNING, ECONOMY
AND REGENERATION**

PLANNING FEES – THE GOVERNMENT’S OFFER.

Cabinet Member Cllr Richard Chesterton
Responsible Officer Jenny Clifford, Head of Planning, Economy and
Regeneration

Reason for Report: To seek formal approval to accept an offer from Government to increase planning fees by 20% from July 2017, or as soon as legislation permits. This offer is only on the basis that the Council commits to invest the additional income entirely on planning functions.

RECOMMENDATION:

That Cabinet endorses approval of the Government’s offer to increase planning fees by 20% from July 2017, or as soon as legislation permits, with a commitment that this additional fee income is invested in its entirety in the planning service.

Relationship to Corporate Plan: The Planning, Economy and Regeneration Service is central to the delivery of many of the priorities and aims identified within the Corporate Plan.

Financial Implications: The Government’s offer to increase planning fees by 20% is estimated to raise approximately £92,000 - £117,000 within the final three quarters of the current financial year. This lower estimate is based upon the £616,529 planning fees received in 16/17, with the upper estimate being based upon the 17/18 budget target of £780,000 for income from planning fees.

Legal Implications: None anticipated at this time.

Risk Assessment: Risk of loss of development projects / schemes to other locations with lower planning fees is not considered to be significant. It is understood that many councils are accepting the offer to increase fees. Planning fees also generally represent a small component of development costs.

1.0 INTRODUCTION.

1.1 Fees associated with the submission and processing of planning and other related applications are set nationally by the Government under fee regulations. To date it has not been within the ability of Councils to set such fees locally in order to better reflect the actual cost of determining the applications. It has long been the case nationally that there is a mismatch between the cost of determining applications and the income received from application fees. At present the cost to the Council of the operation of the Development Management function is greater than that recovered through statutory planning fees. Mid Devon is not alone in this mismatch between cost and income. In 16/17 the expenditure upon the development management

part of the Planning Service was £883,610 with £616,529 being raised through planning application fees.

- 1.2 Not all types of application attract a fee, for example listed building consent applications. The cost of processing such applications is therefore subsidised rather than being met by the applicant. This report deals with work processing formal applications where there is a prescribed fee set by the Government. The Planning Service also provides discretionary services such as the availability of pre-application advice for which a locally set fee is charged.

2.0 PLANNING FEE PROPOSALS.

- 2.1 In February 2017, the Department for Communities and Local Government wrote to all Local Planning Authorities in England to advise of an opportunity to increase planning fees by 20% from July 2017, as long as the higher fees were to be spent entirely upon planning functions (copy attached at **Appendix A** to this report). This offer derives from the housing White Paper 'Fixing our Broken Housing Market' which was published in February 2017. The letter sought a response from Council Section 151 Officers by Monday 13th March on whether to accept or reject the proposed 20% increase in accordance with the terms set by the Government. The Director of Finance, Assets and Resources within his capacity as Section 151 Officer responded on 13th March 2017 indicating that this Council would accept the proposed fee increase. This report seeks formal resolution from Cabinet to endorse this position.
- 2.2 Recent communication with the team at the Planning Portal has suggested that revisions to (national) statutory instruments will be required prior to implementing any changes to fees, and that this has been delayed due to the general election. Therefore this report seeks permission to raise fees as soon as national legislation allows for this to happen.
- 2.3 The White Paper makes reference to a general lack of capacity and capability within council planning departments that threatens the Government's intention to deliver a greater number of houses nationally at an accelerated rate. This is in part due to shortages of appropriately qualified and experienced staff resulting in difficulties recruiting. Built environment professionals are in short supply leading to increasing competition between employers, particularly in areas such as the south west where there is a limited pool of staff. Fewer are entering the planning profession and there is an increasing trend for short-term agency contracts together with competition from the private sector.
- 2.4 In Mid Devon, a restructure has taken place merging the planning, economy and regeneration functions in order to better align resources to council priorities and to drive the delivery of major projects such as the garden village. The additional fees will be used support the functioning of the Planning, Economy and Regeneration Service in order to ensure there are sufficient resources, capacity and resilience, with less subsidy from the general fund. At the time of writing this report, recruitment to vacant posts within the service is underway.
- 2.5 A copy of existing and proposed planning fees is attached at **Appendix 2**. Implementation of the fee increase will impact upon users of the planning

service that apply for permission. The cost of gaining planning permission and other forms of consent is usually a small element of the overall cost of a project or development work. The increase will need to be factored into overall project costs and scheme viability but will have the benefit of building capacity and resilience within the service to assess and determine such applications. It is understood that many councils have indicated to the Government an intention to accept the offer of a fee increase. There is not thought to be a significant risk to Mid Devon of development projects going elsewhere based upon the level of planning fees.

- 2.6 For Member’s information, the Housing White Paper also indicates that the Government is minded to allow an increase in planning fees of a further 20% ‘for those authorities who delivering the homes their communities need and we will consult further on the detail. Alongside we will keep the resourcing of local authority planning departments and where fees can be charged, under review.’
- 2.7 For clarity – references to the Government in this report predate the outcome of the general election. It has also been assumed that the opportunity of increased planning fees is still being offered after the general election.

Contact for any more information	Jenny Clifford, Head of Planning and Regeneration 01884 234346 jclifford@middevon.gov.uk
Background Papers	Planning fee regulations Housing White Paper ‘Fixing our Broken Housing Market’ 2017 https://www.gov.uk/government/publications/fixing-our-broken-housing-market
File Reference	None.
Circulation of the Report	Councillor Richard Chesterton, Cabinet Member for Planning & Regeneration