

## **Housing White Paper: Planning Application Fees**

Report by Director of Planning and Resources,  
Head of Finance and Head of Planning

**Summary:** On 21 February 2017 the Government wrote to all Local Planning Authorities (LPAs) outlining its intention to increase nationally set planning fees. Planning authorities will be able to increase fees by 20% from July 2017 if they commit to invest the additional fee income on their planning services. The letter invited the Broads Authority to confirm its intention in relation to the fee increase. This report seeks the Authority's view as to whether the offer should be accepted.

**Recommendation:**

- (i) The Authority responds to Government indicating that it will accept the offer of a 20% increase in application fees from July 2017.
- (ii) The Authority commits to spending this additional fee income in the planning department.

## **1 Background**

- 1.1 On 7 February 2017 the Government published the long-awaited Housing White Paper entitled "Fixing our broken housing market". The White Paper sets out the background to the national housing crisis and proposes a broad range of reforms that the government intends to introduce to help reform the housing market and increase the supply of new homes. A report on the details of the White Paper will be presented to Planning Committee Members on 31 March 2017.
- 1.2 Amongst the multiple reasons for the housing shortage, the government identifies a lack of capacity and capability in planning departments which delays the handling of planning applications and issuing of planning permissions. This has been cited by developers as restricting their ability to get on site and get building. The government therefore proposes to increase the fees for planning applications so that planning departments can improve their capacity.
- 1.3 The proposal to increase fees is discretionary and this report outlines the proposals, with commentary.

## **2.0 Fees for planning applications**

- 2.1 Fees for planning applications are set nationally. They were introduced in 1981, with the intention that users and potential beneficiaries of the planning

system, rather than taxpayers in general, meet the costs incurred by LPAs in determining planning applications. The fees regime is tiered so that larger and more complex applications attract a higher fee than simple applications, and was devised so that both simple and more complex proposals can be properly assessed and considered by LPAs with appropriate resources. It should be noted that application fees do not cover the full cost of processing an application.

- 2.2 Historically fees were always increased annually by around 5%, usually at the beginning of April. There has, however, been no increase since 2014. Part of the rationale for this was to encourage development by minimising upfront costs. At the same time, local authority budgets have been cut and this has led to staffing cuts in planning departments across the country. The result of the reductions in income and staff is that planning departments in general are now underfunded and understaffed and unable to respond with sufficient rapidity to the increase in development proposals.
- 2.3 To address capacity shortfalls in LPAs, and the consequent delays in dealing with planning applications, government propose to allow LPAs to increase application fees by 20% from July 2017 subject to their committing to spend this in the planning department.
- 2.4 The Broads Authority as an LPA receives approximately £70 - 80,000 per annum in planning application fees. The Authority rarely deals with the large schemes which attract large fees, so the fees are derived principally from a series of small schemes, many of which are individual households. A 20% increase in fees would therefore be likely to generate around £15,000 per annum.

### **3.0 Investment in the planning service**

- 3.1 The annual cost of the planning service, funded wholly from National Park Grant, for 2016/17 is forecast to be £375,000. The BA planning service (covering application determination, application processing, appeals, enforcement and planning policy) comprises 9.9fte which includes the Head of Section. Additional specialist in house support is provided by the Historic Environment Manager and the Ecologist. Specialist work covering heritage/listed buildings, landscape and trees is outsourced.
- 3.2 It is also worth noting that the Authority has an up-to-date Local Plan, consistently meets all the statutory targets for speed and quality in determining planning applications, has a good appeal rate and has a regular programme for monitoring planning conditions, as well as undertaking enforcement as necessary. Pre-application advice is provided free of charge. Customer satisfaction is good (as evidenced through the annual survey), there have been no adverse Ombudsman rulings in the last 8 years and no award of costs from appeals in the last 5 years. An independent Peer Review of the Planning Committee processes and procedures in 2014 was complimentary.

- 3.3 The planning service currently provided is good and whilst there are peaks and troughs of workload, it is not especially the case that further resources are needed in order to improve capacity. The CLG letter is clear that the additional fee income must be spent on the planning service and cannot be used to underwrite something which is already being done, for example to cover the free pre-application service. There are, however, areas where any additional resource could be directed for the benefit of users, and these are detailed below:
- a. Investment in ICT – including an upgrade to the Uniform database to provide a better public interface;
  - b. Provide either the heritage/listed buildings or tree service in house;
  - c. Provide additional policy support, to increase the range of matters covered by planning policy and/or to fund future Local Plan production e.g Examination and PINS costs;
  - d. Provide additional time in the monitoring/enforcement team, to increase proactive monitoring
- 3.4 Planning policy, service and ICT enhancements to date have traditionally been funded from the Planning Delivery Grant reserve that was awarded to the Authority as a consequence of high performance against Government Targets in 2007. However, this reserve has been steadily decreasing and with the expected costs for the Examination of the Local Plan (including approximately £60,000 for Inspector's fees) this reserve will be considerably diminished and the funding of future Local Plan reviews would be a considerable challenge.

## **4.0 Discussion**

- 4.1 The recognition by government that planning teams have been hit hard by static planning fees and falling council budgets is welcome, and the many LPAs who are struggling to meet determination targets and deliver much needed housing in growth areas will welcome the opportunity to increase resource. The Broads (and the National Parks), however, are different. They are identified in the National Planning Policy Framework (and the Housing White Paper) as an area where development should be restricted and therefore the Authority has not had the development pressures of other areas and nor has it seen such a marked downturn during the recession. Application numbers have remained broadly constant whereas some National Parks have seen a decrease. Consequently, the amount of development proposed has remained broadly consistent, as have the staffing levels.
- 4.2 The Broads (and the National Parks), however, are different, though the Broads Authority and the National Park Authorities in England have also had large reductions in National Park Grant. The Parks are identified in the National Planning Policy Framework (and the Housing White Paper) as areas where development should be restricted and therefore the Broads Authority

and National Park Authorities have not had the development pressures of other areas nor has the Broads seen such a marked downturn during the recession. Application numbers have remained broadly constant whereas some National Parks have seen a decrease. Consequently, the amount of development proposed has remained broadly consistent, and the Broads Authority has deliberately maintained staffing levels in planning while reducing them elsewhere in the organisation.

- 4.3 The above notwithstanding, there are qualitative improvements which could be made, which are set out above.
- 4.4 In considering this it is useful to be mindful that fee increases will not be universally welcomed, by either developers or householders, and applicants will expect to see something tangible for the additional 20%.
- 4.5 It is also worth noting that whilst most other LPAs in Norfolk do propose to increase their fees, the situation is quite different in terms of development pressures and the urgent need (identified in the Housing White Paper) to expedite housing development. Furthermore, if the annual fee income is currently over £1m, as it is for Kings Lynn and West Norfolk Borough Council, a 20% increase would fund 4 – 5 posts, which is significant in terms of capacity.

## **5 Conclusion and Recommendation**

- 5.1 It is anticipated that almost all LPAs in England will accept the offer of the 20% increase. Indeed all of the Norfolk Authorities have indicated either formally or informally that they will be doing this and correspondence between National Park Authorities has also indicated a similar approach.
- 5.2 The CLG advises that authorities are entitled not to charge the increased fee and the existing fee structure would remain in place for them. However the strong inference from Government is that if any planning authorities didn't wish to avail themselves of the increase that any future arguments about underfunding would be unlikely to reach a sympathetic ear. There is a reputational risk. Should the Authority decide not to accept the fee increase and the planning service subsequently fails to meet its performance targets then criticism may be levied for not having taken the opportunity to enhance the service.
- 5.3 On balance, it would therefore seem prudent to accept the Government's offer of the 20% fee increase from July 2017. As outlined earlier the Government intends to undertake consultation on the second 20% (which would mean 40% in total) and Members will be updated as that occurs.

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Appendices: None