

**Benchmarking for Planning Services**  
Report by Head of Development Management

**Summary:** A benchmarking exercise was undertaken in 2011 to calculate the cost of the planning service and to support local fee setting. Whilst local fee setting no longer appears to be being promoted by Government, the exercise has provided useful data which shows that the cost of the Authority's planning service compares favourably with the costs of those of its peers.

**Recommendation:** That the report be noted.

## **1 Background**

- 1.1 As part of the Government's modernisation agenda for the planning system, in 2010 the Government announced its intention to allow Local Planning Authorities to set their own fees for planning applications. This would assist with ensuring that the cost of the planning service was more fully met by users and particularly those who most benefitted from it, would allow fees to take account of regional and market differences and it would also enable an LPA to promote certain forms of development by setting reduced fees.
- 1.2 The proposed changes were announced in November 2010 in a consultation expiring January 2011; the changes were due to come into effect in October 2012. The Government advised that the locally set fees regime would be mandatory and there would be no default national fee.
- 1.3 A report on this was presented to the 7 January 2011 meeting of the Planning Committee.
- 1.4 In order to prepare for local fee setting LPAs were encouraged to evaluate and cost their service so that they had accurate and robust information on which to base the local fee. LPAs were advised that they could do this independently or they could enrol in a benchmarking programme being run by the Planning Advisory Service (PAS) in association with CIPFA. The PAS benchmarking programme was open to all LPAs and thus would enable an LPA to compare its costs with a large group of peers as well as a smaller self-selected group of LPAs with similar characteristics.

## **2 Implementing the PAS benchmarking model**

- 2.1 The Broads Authority decided to enrol on the PAS programme, on the grounds that it would provide an independent calculation of costs as well as give a wider comparison group all of whom had been assessed on the same

criteria. It was considered that the PAS results would be more comprehensive and robust than a purely internal exercise.

- 2.2 The PAS benchmarking model considered the cost of the entire planning service and included administration, planning policy and enforcement. It also included information on the proportion of the corporate costs attributed to planning, for example IT and HR resources, as well as external costs such as legal costs. By providing a consistent framework for this within the model it enabled an LPA to compare its costs in these areas with the peer average and identify areas where its service spending was high. This would also enable costs across the range of services within planning to be compared, both internally and externally.
- 2.3 The PAS benchmarking model worked on an extensive spreadsheet into which were inserted details of costs (eg corporate costs, staff costs), income (eg fees from planning applications, S106 monies) and the time spent on all the aspects of planning, broken down into standard tasks. The model differentiated between aspects of planning for which a charge was made, for example planning applications, and statutory non-charged elements, for example policy planning. The parameters within the model were set centrally by PAS.
- 2.4 The outputs of the model were set up to enable an LPA to determine not only how much its planning service was costing to run, but to be able to differentiate between the various parts of the process and to see how much time was spent on the different aspects. These could then be benchmarked against both the overall study group and the self-selected smaller group. Furthermore, the model was set up to identify how much an LPA would have to charge per application in setting its own fees in order to cover the cost of the service.
- 2.5 For 4 weeks in August 2011 all officers involved in delivering the planning service completed a timesheet based on the spreadsheet codes, setting out exactly what work they did on a daily basis. Non-planning officers kept records of their time working on planning matters, whilst an adjustment was made for corporate staff to account for the proportion of their time involved in planning. This data was then entered into the spreadsheet, which was forwarded to PAS for modelling.

### **3 Results of the PAS Benchmarking Exercise**

- 3.1 The overall 2011 benchmarking group was comprised of almost 250 LPAs nationally, covering the range of LPA types from London Boroughs and large district Councils to small rural authorities. The comparative data from this larger group comprises in the main the raw data with very little adjusting for size, income and number of applications. It does, however, show the following:

- Cost per hour of the planning services (totalled across the service) varies within the group from £29.70 – 81 per hour. The Broads Authority is within the lower quartile for cost.
- The projected fee needed to recover the costs for dealing with an application for a single house varies within the group from £178 - £1999. At under £600, the Broads Authority is below average cost.
- The time spent dealing with an application for a single house varies within the group from 5.5 – 35 hours; at around 15 hours the Broads Authority is around the average point.

3.2 It is difficult to disaggregate much of the other data for this larger group.

3.3 In addition to the larger comparator group, each LPA within the benchmarking exercise was able to select a smaller group of up to 12 other LPAs against which it wished to be measured. The Broads Authority selected ten rural authorities, including two neighbouring LPAs, as its more focused comparator group. There is much more detailed comparative data for this smaller group and this shows the following:

- Cost per hour of the planning services (totalled across the service) within the comparator group is £42.50. The cost of the Broads Authority service is £39.20 per hour.
- The cost of receipt and validation of planning applications is below the average for the comparator group.
- The cost of evaluation and negotiation of planning applications is below the average for the comparator group.
- The cost of decision making, including report writing and presentation to Planning Committee, below the average for the comparator group.
- Overall, the cost per application is below the average for the comparator group.
- The cost per planning appeal is considerably higher than for the comparator group, being twice the cost.
- The Broads Authority spends more per case on investigating enforcement cases than the comparator group, including three times as much on mediation and advice.
- The Broads Authority spends more per case on enforcement appeals and legal advice on enforcement matters than the comparator group.

3.4 The results of the benchmarking exercise are useful and it is encouraging to see that the costs of the Broads planning service compare favourably when

assessed against both the larger national group and a smaller group with similar characteristics. However, it is necessary to be mindful that this is based on data which represents only a snapshot in time, and that the overall sample numbers are small and this will influence the results. For example, at the time of the exercise, there were a number of resource intensive enforcement cases underway and these will have affected the enforcement results. Given this, it is more useful to look at the overall picture, and this is satisfactory.

#### **4 Progress on Setting Fees Locally**

- 4.1 The purpose of the benchmarking exercise was to enable an LPA to be able to calculate its own fees and to set them at a level which covered its costs and which was justified through evidence. The Broads Authority is now in a position where it could do this.
- 4.2 Subsequent to the benchmarking exercise, the Government appears to have withdrawn from its proposal to introduce locally-set fees, although there has been no formal announcement of this.
- 4.3 At the end of September 2012 a draft Statutory Instrument was published by CLG concerning fees, with the accompanying email suggesting that a revised national fees list would be produced following debate in late October or early November. It is anticipated that the fees will increase by around 15%.

#### **5 Conclusion**

- 5.1 Whilst the purpose of the benchmarking exercise – to inform local fee setting – appears now to have been dropped by Government, the work has been useful in that it has enabled the LPA to compare its costs with those of its peers; it is encouraging that the costs compare favourably.

Background papers: None

Author: Cally Smith  
Date of report: 25 October 2012

Appendices: None