

Strategic Planning Sustainability & Transportation Committee

10 JULY 2018

Development Management Planning Pre-Application Fees

Final Decision-Maker	Strategic Planning Sustainability & Transportation Committee
Lead Head of Service/Lead Director	Director of Regeneration & Place
Lead Officer and Report Author	Director of Regeneration & Place
Classification	Public/Private.
Wards affected	All

Executive Summary

The cost of running the Planning Service continues to exceed the fee income generated. The IESE review made a number of recommendations around how processes within the service could be improved so as to make the service more cost effective, as well as exploring opportunities for cost recovery.

This work has been underway since the summer of 2017, and one of the service areas that has been considered in some depth is the pre-application service within Development Management. Staff felt that this service was under pressure, in terms of delivery, and that the cost of delivering the pre-application service exceeds the fee income it generates. Furthermore, the fees charged by Maidstone Borough Council for pre-application services are generally less than those of neighbouring authorities.

This report makes recommendations to change the charging structure for pre-application advice, and the fees as well.

This report makes the following recommendations to this Committee:

1. To implement the proposed revised fee structure and fees for the MBC pre-application service as detailed in table 2 (para 1.10), with effect from 1st October 2018.

Timetable	
Meeting	Date
Strategic Planning, Sustainability & Transportation Committee	10 JULY 2018

Development Management Planning Pre-Application Fees

1. INTRODUCTION AND BACKGROUND

- 1.1 For the current financial year, Maidstone Borough Council (MBC) has an income target of £138,000 (Inclusive of VAT) and is forecast to achieve this. In reality however, it has become apparent that the hours required of officers to deliver the service, exceed those hours chargeable under the current MBC fee structure, as the current fees do not accurately reflect the length of time that is required to adequately plan for meetings, to write up the advice and to include the necessary line management oversight.
- 1.2 In terms of an appropriate fee structure, Councils are allowed to set their fees at such a level that they achieve full cost recovery, inclusive of the corporate overhead, but they are not allowed to make a profit on the service.
- 1.3 As MBC reviews the fees annually, it was decided to undertake an exercise to demonstrate the cost of delivering the pre-application service and how the services are structured. In doing so, it was decided to consider the approach taken by the following Local Planning Authorities (LPA's); Canterbury, Dartford, Gravesham, Swale, Tonbridge & Malling and Tunbridge Wells.
- 1.4 Whilst the fee structures varied across all seven LPA's broadly the service is tiered between the following application types;
 - Householder.
 - Minors.
 - (Minor) Majors (typically < 40 or 50 units).
 - Majors (typically > 40 or 50 units).
 - Any other planning advice.
 - In some LPA's the fees for meetings vary if they take place "on-site".
- 1.5 This approach is consistent with how MBC has reconfigured Development Management, to include the creation of the Major Applications team. This type of stepped approach to charging is not reflected in MBC's current pre-application charging schedule which is attached as **Appendix 1**.
- 1.6 The following table 1 (and Appendix 2) shows the following;
 - Fees currently charged by MBC and neighbouring LPA's.
 - Proposed fees for MBC.
 - Percentage fee increase proposed for MBC.
 - Indicative officer cost per hour of each service category.
 - Theoretical number of hours spent (on each service category).

Table 1 (shown also as Appendix 2)

		Canterbury	Dartford	Gravesend	Swale	Tonbridge & Malling	Tunbridge Wells	Maidstone Current	Maidstone Proposed	Proposed MBC % Increase	*Officer Cost Per Hour + Corporate Overhead + VAT	Theoretical number of hours spent
Householder	Written advice only	£ 63	£ 96	£ 55	£ 25	£ 78	£ 75	£ 44	£ 50	14%	£ 38.40	1.3
	One hour meeting & written advice	£ 252	£ 210	n/a	n/a	£ 144	£ 100	£ 103	£ 150	46%	£ 38.40	3.9
	(Staff grade up to Planning Officer)											
Minor Development < 10 units	Written advice only	£ 198	£ 300	n/a	£ 125	£ 120	£ 150	£ 72	£ 100	39%	£ 51.00	2.0
	One hour meeting & written advice	£ 462	£ 600	£ 385	£ 250	£ 240	£ 200	£ 390	£ 300	-23%	£ 51.00	5.9
	(Staff grade up to Senior Planning officer)											
(Minor) Major Developments < 40 units	Written advice only	£ 462	£ 1,200	n/a	£ 250	£ 480	n/a	£ 146	£ 150	3%	£ 70.80	2.1
	One hour meeting & written advice	£ 1,386	£ 1,800	£ 1,155	£ 500	£ 600	£ 450	£ 390	£ 450	15%	£ 70.80	6.4
	(Staff grade up to Development / Major Projects Manager)											
Major Developments > 40 units	Written advice only	n/a	n/a	n/a	£ 500	n/a	n/a	£ 146	n/a	n/a		
	One hour meeting & written advice	£ 2,310	£ 2,400	£ 1,155	£ 1,000	£ 1,080	£ 900	£ 390	£ 600	54%	£ 109.80	5.5
	(Staff grade up to Head of Planning)											
Specialist Advisor	Written advice only	£ 66	£ 210	n/a	£ 50	n/a	£ 75	n/a	£ 50	n/a	£ 38.40	1.3
	One hour meeting & written advice	n/a	n/a	n/a	n/a	n/a	n/a	£ 146	£ 150	3%	£ 38.40	3.9
	(Staff grade up to Planning Officer)											

* All fees are inclusive of VAT.
* Some LPA's charge a premium for on site meetings (circa +20%).
* Most authorities charge for an additional specialist advisor to be present; heritage, landscape, design etc.
* Dartford reduce the price of a second meeting by around 50%.
* The fees from the other LPA's do not all fit exactly into the above structure, but best endeavours have been made to distill all the data into a single table.

1.7 Table 1 demonstrates the following;

- MBC is generally charging less than other LPA's.
- MBC fees are not adequately tiered to reflect the size and complexity of the different application types.
- MBC householder fees in particular currently act as a disincentive for customers to commission "written advice only", therefore making the service burdensome to resource. At present, 75% of pre-application income comes through meetings, versus 25% through written only advice.

1.8 It is also important to first understand what are MBC's true costs of delivering the service. Therefore, for each type of application an assumption is made as to what grade the staff will be that delivers it, how long the work will take, so as the application becomes more sizeable and complex, so the grade/number of staff working on it will increase, as will the time spent on it. Also, an allowance for management / supervision of the officer undertaking the work is included, as well as the corporate overhead.

1.9 However, in terms of finalising MBC's proposed fee structure, it is not unreasonable to also take into account all of the following;

- Rates charged by other LPA's.
- The logic of clearly differentiating fees between application types.

- The logic of encouraging the take-up of written only advice (especially for householders).

1.10 Therefore, the proposed pre-application fees for MBC are as follows;

Table 2

Application Type	Fee Variant	Proposed Fee Inc VAT	Proposed Fee Inc VAT if "on site"
Householder	Written advice only	£ 50.00	
	One hour meeting & written advice	£ 150.00	£180.00
Minor Development < 10 units	Written advice only	£ 100.00	
	One hour meeting & written advice	£ 300.00	£360.00
(Minor) Major Developments < 40 units	Written advice only	£ 150.00	
	One hour meeting & written advice	£ 450.00	£540.00
Major Developments > 40 units	One hour meeting & written advice	£ 600.00	£720.00
Specialist Advisor	Written advice only	£ 50.00	
	One hour meeting & written advice	£ 150.00	£180.00

1.11 As per the table above, where a meeting is required to take place "on-site", it is proposed that a 20% premium is added to the fee. Furthermore, for Major Developments > 40 units, longer meetings would be charged extra on pro-rata basis.

1.12 The average increase across the various categories is circa 19%, but it should be noted that "One hour meetings plus written advice for minor developments" would actually reduce. In terms of income generated, at present around 30% comes from major applications, and so the changes proposed would indicate that at least another £20k of cost recovery could come from this category each year.

2. AVAILABLE OPTIONS

- 2.1 To implement the proposed revised fee structure and fees for the MBC pre-application service as detailed in table 2 (para 1.10), with effect from 1st October 2018.
- 2.2 To implement the proposed revised fee structure and fees for the MBC pre-application service as detailed in table 2 (para 1.10), with effect from 1st April 2019.
- 2.3 To not implement the proposed revised fee structure and fees for the MBC pre-application service as detailed in table 2 (para 1.10), and instead retain

the existing one (plus any inflationary increase to be applied from the next financial year onwards).

3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 3.1 The preferred option is 2.1, to implement the proposed revised fee structure and fees for the MBC pre-application service as detailed in table 2 (para 1.10), with effect from 1st October 2018.
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4. RISK

- 4.1 There is a risk that the take up in the service will diminish because of increased fees. This however would seem unlikely as the proposed fees are not out of kilter with our peer group. There is also a risk of reputational damage to MBC if the service is not commensurate with the revised charges, but with the ability to charge more, in time there would be the potential to hire additional planning staffing resource to better deliver the service.

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 The proposed changes have been developed in consultation with the Head of Planning and Development, along with his management team. The proposals are also supported by the Corporate Leadership Team.
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6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 The changes would be implemented by the new Technical Team working in conjunction with Mid Kent Planning Support.
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7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	<ul style="list-style-type: none">• We do not expect the recommendations will by themselves materially affect achievement of corporate priorities.	Head of Planning & Development

Risk Management	Minimal risk as detailed in the report.	Head of Planning & Development
Financial	<ul style="list-style-type: none"> The proposals set out in the recommendation are all within already approved budgetary headings and so need no new funding for implementation. We expect accepting the recommendations will result in net extra income of £20,000. This income is above/within amounts already accounted within the Council's financial planning. 	Director of Finance & Business Improvement
Staffing	<ul style="list-style-type: none"> We will deliver the recommendations with our current staffing. Additional staffing resource to support the service will be considered once the impact of the fee changes has been evaluated. 	Head of Planning & Development
Legal	<ul style="list-style-type: none"> s93(1) of the Local Government Act 2003 empowers the Council to charge for discretionary services. S93(3) provides that the Council is under a duty to secure that, taking one financial year with another, the income from charges under that subsection does not exceed the costs of provision of the service. Appendix 1 shows at Column M the officer costs per hour plus 	Benedict King Senior Planning Solicitor

	<p>corporate overhead plus VAT and Column N shows the theoretical number of hours spent. These two columns multiplied together produce the proposed charges set out in Column K and from this data it appears that the Council is seeking full costs recovery on the estimated hours spent on dealing with the applications but is not making a profit. This is therefore in accordance with s93(3). This will need to be reviewed year on year as required by s93(3) to ensure that the Council is not making a profit out of these charges.</p> <ul style="list-style-type: none"> Under s93(4) the Council is not permitted to 'role up' the financial provision of the service with the financial provision of other services which it is providing. 	
Privacy and Data Protection	<ul style="list-style-type: none"> No impact expected. 	[Legal Team]
Equalities	<ul style="list-style-type: none"> No detrimental impact to groups with protected characteristics as a result of this proposal. However, it is important that all changes to services are communicated to residents and to hard to reach groups to help ensure accessibility to services. 	Equalities and Corporate Policy Officer

Crime and Disorder	<ul style="list-style-type: none"> • No impact expected. 	Head of Service or Manager
Procurement	<ul style="list-style-type: none"> • No impact expected. 	Head of Service & Section 151 Officer

8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix 1: Current Pre-Application Charging Schedule
 - Appendix 2: Table 1
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9. BACKGROUND PAPERS

None.