

Decision maker	Cabinet member: Infrastructure
Decision date:	15 May 2017
Title of report:	Planning Fee Increase
Report by:	Head of development management and regulatory services

Classification

Open

Key decision

This is not a key decision

Wards affected

Countywide

Purpose

To consider a proposal by the government regarding changes to the planning fees.

Recommendation(s)

THAT:

- (a) subject to the government implementing the option to adopt a national increase in specified planning fees, the increase will be applied in Herefordshire resulting in fees as specified at appendix 1 with effect from 1 July 2017 (or other date as specified by legislation).**

Alternative options

1. To decline the option to increase planning fees is not recommended because the current levels of fees do not cover the cost of the entire planning service, these fees being last increased in July 2014. It is the council's charging policy to move towards full cost recovery and a fully resourced planning service is required if Herefordshire Council is to be consistent with its policy to support the growth of the local economy. The 2017/18 budget has been set based upon Herefordshire Council accepting the nationally set fee increase. This would also better reflect a full cost recovery model for the service, which has not been the position in previous years. If the increase were rejected, compensatory income / savings (circa £300k) would need to be identified elsewhere within the service or the council.

Reasons for recommendations

2. The planning service in its entirety is not cost neutral, so this will assist in the council's aim to move towards full cost recovery, whilst also supporting the Government's aims outlined in the housing white paper to enable local authority planning services to support economic and housing growth.

Key considerations

3. The government white paper, 'Fixing our Broken Housing Market', was published on 7 February 2017.
4. This white paper focuses on issues relating to the delivery of housing across the country and identifies the problem of local planning authorities being unable to deal with planning applications for housing developments in a speedy and effective manner.
5. One solution offered in the paper relates to the ability to properly resource planning teams within councils so that they can determine applications promptly and without delay, in order to support local growth.
6. The paper therefore proposes that this could be achieved by allowing an increase in nationally set planning application fees, subject to guarantees that all the additional income is ring-fenced to the planning function.
7. The government white paper therefore proposes an option for all councils to increase specified planning application fees across the board by 20% from 1 July 2017.
8. On 21 February 2017 the Department for Communities and Local Government (DCLG) wrote to all planning authorities requesting confirmation of their intention to accept or reject the nationally set fee increase. Those councils wishing to adopt the increase will be named in the legislation when it is approved by Parliament. It is unclear from the DCLG letter if there will be a subsequent opportunity to accept the increases at a later date, should any councils reject the increase.
9. Councils were asked to respond to DCLG and indicate their intention by 13 March 2017. On 8 March 2017 Herefordshire Council's Director of Resources (then our section 151 officer) confirmed in a letter to the DCLG that the council would determine to accept the proposed 20% increase in planning fees, subject to our governance procedures. This cabinet member report is the appropriate governance procedure.
10. The proposed increase only relates to those fees set nationally. There are other planning fees which are set at the council's discretion. Appendix 1 details all the planning fees, which are set nationally, and shows in red text what the fees would be if the national 20% increase is adopted. Discretionary fees, such as pre applications, will have only the annual inflationary uplift applied at this time, in accordance with the council's charging policy.

Community impact

11. The planning service is applied evenly across all the communities in Herefordshire and is viewed by businesses as integral to the county's economic growth.
12. It is envisaged that there will be little resistance to an increase in charging, as this increase will be considered modest in relation to the overall cost of a typical development proposal.

Equality duty

13. It is clear from stakeholder meetings that there will be little or no impact in relation to the council's equality duty, as those using the service are in the main property owners, developers and planning agents who do not comprise of any particular ethnic, religious or socio economic group.

Financial implications

14. The changes proposed will increase income so as to move the service towards full cost recovery. The 2017/18 budget for the development planning control service has been set on the basis of full cost recovery, which includes the additional income generated by the nationally set fee increase. Without the fee increase, the service would therefore anticipate a budget pressure of circa £300k for 2017/18 (and beyond). The proposed increase will correct this budget pressure. If the increase is not approved, the budget pressure will need to be directly addressed through reducing costs of the service and / or consequential budget reductions elsewhere within the council.
15. The full projected amount of income increase is uncertain, but based on the income in 2016/17 it is likely to be in the order of £400k per year. This will equate to £300k in the financial year 2017/18, if implemented on 1 July 2017.

Legal implications

16. A list of prescribed planning application fees are set nationally under regulations made under the sections 303 and 333(2A) of Town and Country Planning Act 1990. Amendment regulations or other legislation will be required to facilitate the proposed increase in the prescribed fees and charges. The draft regulations are not available at the date of this report but they may contain provisions requiring that the monies are ring fenced for planning services and contain default provisions to enable fee levels to be reduced in the event of non-compliance by a council.
17. The council is also able to charge for certain other discretionary planning services such as pre application advice under section 93 of the Local Government Act 2003. The income received from discretionary charges should not exceed the cost of providing the service. This has been and should continue to be the case.

Risk management

18. Provided the increase in income is used to enhance the planning function of the council, there should be no successful legal, DCLG or audit challenge.
19. Although the increase in fees may act as a disincentive to potential planning applicants, in the scheme of things, this cost is considered to be modest compared to the overall expenditure of a development. Therefore, the number of planning applications are not expected to decline as a consequence of a fee increase. Customer expectations may rise as a result of the increase and a review of the service is planned to ensure it is resourced and focused on priorities to provide a quality service to customers and can support economic development in accordance with the adopted core strategy

Consultees

19. None

Appendices

Appendix 1 – schedule of fees

Background papers

None