

Planning Fees in England

Background

1. Planning application fees were last increased in England in April 2005 and are, therefore, due for an increase. For legal reasons planning application fees can only be used to recover the cost of development control as a regulatory service; they must not be used to cross-subsidise other parts of the planning services such as Forward Planning or Conservation. However, since the last fee increase the Government has become concerned that if the ambitions of spatial planning, the effective management of development and the retention of improved planning services are to be achieved then there is a need to augment the resources available to local planning authority services.
2. The Government proposes the changes to the current fee regime as summarised below, all in the wider context of the current White Paper. If accepted and approved by Parliament the changes will come into effect for April 2008.
3. The Government acknowledges that Planning Delivery Grant (PDG) has partly bridged the gap between income and the cost of Planning Services. However, 2006/07 was the final year of the PDG in its current form and there is no guarantee that further funding for Development Control can come from that source.
4. The Government has explicitly linked the award of PDG to development control performance measured against Best Value Performance Indicator 109 (the speed of processing planning applications). Herefordshire has continued to meet and exceed those targets in 2006/07 and in the first quarter of 2007/08. (There will be a further report on BVPIs as part of the six monthly monitoring report to the November meeting of the Planning Committee).
5. The Government has commissioned research in 2006 which suggests that, nationally, fee income covers around two thirds of the cost of development control. Kate Barker, in her reviews of planning, made suggestions for changing the fee regime to try and address this shortfall.
6. In the light of the above the Government has put forward three options for consultation purposes:

Option 1	Do nothing. (The Government does not favour this option)
Option 2	Increase fees overall by around 40% (excluding householder applications)
Option 3	Increase fees overall by around 25% (also excluding householder applications).

The Government has also looked at three "Sub-options":

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| Sub option (a) | allow some increase in fees for householder applications |
| Sub option (b) | remove the maximum "cap" on fees – currently £50,000 for any one application |
| Sub option (c) | introduce a new fee for discharging conditions on planning applications |

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7. On balance the Government prefers option 3 along with all three of the sub-options
8. Future long term options include the possibility of local fee setting although this will need to be the subject of further research and consultation.
9. In summary the proposals are:
 - **rise in fee amounts, above current level: 25%**
 - **the total additional amount to be raised: approximately £65 million a year**
 - **to increase householder application fees by only 7.5% (i.e. by April 2008 this will represent an inflation only rise since the last fee increase in April 2005)**
 - **to remove the maximum fee cap (currently £50,000)**
 - **to introduce a new fee category for certification that planning conditions have been carried out**

In addition it is also proposed for the future:

- **to pilot a “premium service” whereby local planning authorities could charge a 20% premium if they guarantee to reach a decision in less than the current 13 or 8 week target periods; and**
 - **to make provision, subject to fuller consultation later, for local planning authorities to set their own planning fees where they meet eligibility criteria.**
10. In responding to this consultation there are two issues which should be born in mind:
 - if the proposals elsewhere in the White Paper for changes to householder permitted development come about then, based on pilot studies in four other local planning authorities, there could be a significant reduction in the number of applications for householder development. Such a reduction might be as high as 50% which, in Herefordshire’s case, could represent up to 500 applications a year and imply a loss of fee income of over £60,000 per year
 - the consultation makes no reference to post-facto planning applications and should Members wish to raise the concept of an increased fee for such applications then this would be an opportunity to do so.
 - 11 The specific consultation questions and the officers’ suggested responses are:

Question 1	Would a fee level increase of 25% be reasonable? Should householder applications be largely shielded from that increase?
Suggested response	A balance needs to be struck between paying for the service and cost to the applicant – especially as the applicant is by no means the only “Customer” of the planning service. The research last year did not report that fee increases are a disincentive to applicants making planning applications. On balance, a 25% fee increase would be reasonable provided that the Government acknowledges that it will not bring full cost recovery and that it is indexed so that it increases

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	each year in line with inflation rather than the current “Stop – go” arrangement whereby fees are only increased occasionally at irregular intervals. The householder fee increase can be more modest but should, at least, be increased in line with inflation.
Question 2	Would you prefer that fees go up by the full 40% to provide more resources for planning?
Suggested response	This would put more of a burden on the applicant who, as noted above, is not the only customer of the planning service. The continuation of the PDG could provide an alternative source of funding.
Question 3	What are the likely effects of any of these changes? Will there be unintended consequences?
Suggested response	The principal likely effect of any significant increase is an upsurge of applications being submitted to “Beat the deadline” – further reinforcing the need for increases to be more incremental rather than once every three or four years.
Question 4	Performance on Development Control is currently measured against targets to determine applications within set time periods. Given the desire for further service improvements flowing from any fee increase – without perverse incentives – what do you think would be the best form of performance measurement for development control and what should be an appropriate benchmark?
Suggested response	This question needs to be considered as part of a review of planning performance targets generally – it is not directly related to the current consultation on application fees. The emphasis on speed of decision making in BVPI 109 has the inherent weakness that the speed of the decision does not necessarily relate to the quality of the outcome. However, the quality of the outcome has a degree of subjectivity which can be difficult to measure in terms of a performance target.
Question 5	Are current fee maxima serving any useful purpose?
Suggested response	They, obviously, benefit the larger developers by introducing an “Economy of scale”. However, they serve no useful purpose for the local planning authority.
Question 6	Do you welcome the proposed fees for the discharge of conditions? Do you agree that this should not apply to conditions imposed on listed buildings?
Suggested response	It is presumed that this proposal is distinct from the current provisions for making planning applications to discharge or vary conditions. In other words, this would occur where building works are complete and, for example, a prospective new owner requires confirmation that there are no outstanding planning conditions. At present some local planning authorities make a charge for this service anyway. Herefordshire Council does not at present – but it could do on a discretionary basis in the future. This proposal would put charges for such services on a formal footing and is welcomed. In respect of listed buildings it is significant that there is no fee for making applications for listed building consent (LBC). Until such time as LBC applications attract a fee it would seem illogical to levy a fee for checking on LBC conditions. The simple answer would be to

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	introduce fees for LBC applications but this appears to be outside the scope of the current consultation.
Question 7	Would it be useful if the local planning authority can offer a “Premium Service”?
Suggested response	This has the potential to be highly discriminatory in favour of those developers who can afford it. Allowing developers to pay for preferential treatment may have consequences for the public perception of the process.
Question 8	Currently, Government sets planning fee levels. How do you feel in principle about the idea that each local authority should be able to fix its own (non-profit-making) planning charges in the future?
Suggested response	The concept is welcomed.

12. Members will note that the consultation does not consider the question of Post-Facto planning applications. In addition to responding to the above questions Members may also wish to take the opportunity to suggest that the fees for Post Facto applications are treated in a similar manner to the fee which needs to be paid in order to lodge an appeal against an enforcement notice. In that case the appellant has to pay the equivalent planning application fee twice: once to the Planning Inspectorate and once to the local planning authority.