

**REPORT OF: FINANCIAL SERVICES MANAGER**

**TO: EXECUTIVE**

**DATES: 16<sup>th</sup> MARCH 2017**

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## **PLANNING APPLICATION FEES – THE GOVERNMENT’S OFFER**

### **PURPOSE OF REPORT**

1. The purpose of the report is to inform Councillors of an offer from Government to increase nationally set planning fees by 20% from July 2017 and outline the implications and obligations for the Council should the offer be accepted.

### **RECOMMENDATIONS**

2. The Executive is recommended to:
  - a) endorse the decision to accept the offer as conditionally notified to the DCLG<sup>1</sup> by the deadline of 13<sup>th</sup> March 2017;
  - b) subject to both (a) above and the implementation of the higher fees from July 2017, agree to invest the additional income in the Council’s Planning Policy Team as outlined in paragraph 9 of this report;
  - c) approve the required budget adjustments in 2017/18 assuming implementation of the higher fees and note the intention to monitor the impact as part of the Council’s strategic monitoring framework.

### **REASON FOR RECOMMENDATIONS**

3. To seek approval to accept the Government’s offer of increased planning fees and to fulfil the obligations when doing so to invest the additional proceeds in the planning service.

### **ISSUE**

4. The Government published its Housing White Paper entitled *‘Fixing our broken housing market’* on the 7<sup>th</sup> February. Included in this document is a proposal from Government to increase nationally set planning fees by 20% from July 2017 to help boost Councils’ capacity and capability to deliver their Development Management service.

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<sup>1</sup> Department for Communities and Local Government

5. Councils have to determine whether they wish to accept the offer of higher fees or not. Those councils that accept the offer must commit to investing the additional income in their planning service.
6. The DCLG asked councils to reply to the offer by 13<sup>th</sup> March. As a result, a decision had to be taken in advance of this meeting. A letter of acceptance was submitted to DCLG by the deadline together with the requisite information specified by the Department. A copy of this letter is provided at [Appendix A](#). Councillors will note that this confirmation also includes a commitment to spend the amount raised through higher fees on planning functions.
7. Assuming higher fees are confirmed they should be implemented from July 2017. The approved budget for the Planning service in 2017/18, as agreed by Council in February, is shown below:

	Expd £'000	Income £'000	Net £'000
Development Management	429	333 <sup>1</sup>	96
Planning Policy	277 <sup>2</sup>	1	276
Total	706	334	372

Notes:

1. Consists of £320k from planning fees and £13k pre-application advice fees.
2. Includes £90k in respect of the Local Plan funded from the Local Plan Reserve.

8. The budget for planning fee income is £320k. It is difficult to profile this income over any one year as it is dependent on the timing of developments locally and the mix of planning applications submitted. (i.e. major, minor, other). Applying a 20% increase to the base budget of £320k would imply additional income of £64k in a full year and £48k in 2017/18 assuming fees are implemented from 1<sup>st</sup> July 2017.
9. Following discussions with the Strategic Director and the Planning, Building Control & Licensing Manager it is proposed that this additional income be spent on the following:
 

	2017/18 £'000	Full-year £000
• Recruitment of 1 additional Planning Policy Officer	28	35
• Additional capacity / support	20	29
10. Clearly there is less certainty attached to income generation, due to fluctuations in the local housing and commercial development market, than there is with costs relating to staffing. For this reason the intention, subject to Executive approval, is to recruit one additional planning officer in the current year to bolster operational capacity in Plan preparation. The remaining fee income would then be used flexibly to provide additional capacity/support in areas such as enforcement. This latter component can be flexed if necessary in response to variations in fee income.
11. The Executive is asked to endorse the decision to take up the Government's offer of a 20% fee increase in nationally set planning fees and agree that the additional income arising from this be invested in the planning service as outlined above.

## IMPLICATIONS

### Policy

12. Development Management fees are set nationally by Government. The proposal contained in the recent White Paper is for these fees to be increased by 20% from July. The Council is asked to decide whether, as the Local Planning Authority, it wishes to take up this offer.

## **Financial**

13. The financial implications are as outlined above. Assuming the offer of increased fees is accepted by the Council and implemented by Government from July 2017, the ongoing monitoring of the related costs and income will be reported as part of our established financial management framework.

## **Legal**

14. If the Council accepts the offer of higher planning fees it must provide an assurance that the additional income will be invested in the planning service. Should the Council fail to comply with this assurance, the Secretary of State will consider reducing the fee level for the Council back to the original level via a change in regulations.

## **Risk Management**

15. The risks associated with this are mainly linked to the relationship between costs and income with the council able to exert more control over the former than the latter. Hence the importance of managing costs flexibly should income volumes deviate from those expected. It is not known what impact a 20% fee increase will have on development activity locally.

## **Health and Safety**

16. There are no health and safety implications arising directly from the contents of this report.

## **Sustainability Implications**

17. There are no sustainability implications arising directly from this report.

## **Community Safety:**

18. There are no community safety issues arising directly from the contents of this report.

## **Equality and Diversity:**

19. There are no equality and diversity implications arising from the contents of this report.

## **APPENDICES**

[Appendix A](#) – Acceptance Letter submitted to DCLG.

## **LIST OF BACKGROUND PAPERS**

Letter from DCLG dated 21<sup>st</sup> February 2017.