

REVIEW OF CHARGING FOR PRE-APPLICATION PLANNING ADVICE

SUMMARY AND RECOMMENDATIONS

To review the financial returns and service impact of the introduction of charges for pre-application planning advice one year after commencement and to consider amendments to the scheme.

Recommendations:

- (a) Continue the practice of charging for pre-application discussions.
- (b) Increase charges by 20% to £720 for major schemes; £240 for small to medium sized developments; and £40 for householder and minor developments.
- (c) Confirm that pre-application charges will not be required in respect of:
 - Wellesley/Grainger PLC schemes in relation to the Aldershot Urban Extension
 - The Council's own developments, and those of Hampshire County Council where they relate to the provision of public services in the Borough.
- (d) Confirm that the new minimum householder/minor development charge of £40 will apply to all requests for pre-application advice, irrespective of the proposal type, made by community/charity groups which demonstrate that they meet all the following criteria:
 - A registered charity.
 - With headquarters in Rushmoor Borough
 - Involved in activity which serves the people of Rushmoor
 - Not part of a national charity with multiple UK or international offices

1. INTRODUCTION

- 1.1 Following a review of expenditure and budgets across the authority under the Budget Challenge exercise carried out in 2016, charges to potential planning applicants and developers for discussion and advice before the submission of planning applications were introduced with effect from 1st February 2017.
- 1.2 The charges were introduced in pursuance of the corporate objective to establish a sound financial position, make sustainable budgetary savings, investigate new sources of income and implement channel shift, whilst maintaining a high level of service.
- 1.3 Pre-application charging cannot be used to make a profit. In appropriate circumstances, authorities are permitted to charge as a means of meeting,

and effectively regulating demand for pre-application advice. The key role of Local Planning Authorities in encouraging other parties to take maximum advantage of the pre-application stage is cited in the National Planning Policy Framework. It is also an essential part of our systems thinking approach embedded in the planning process at Rushmoor.

2. BACKGROUND

- 2.1 The Cabinet decision to introduce the charges (15th November 2016) also made provision for the scheme to be reviewed after one year of operation. The following charges were introduced:
- 2.2 Householder and other small-scale enquiries - £35
Small to medium sized developments - (1-10 dwellings or up to 1000sqm commercial floorspace) - £200
Major Developments (in excess of 10 dwellings or residential sites of 0.5ha and above, or 1000sqm commercial floorspace, or other sites of 1ha or more) - £600
- 2.3 These receipts are subject to VAT at 20% meaning the actual receipt from a householder charge of £35.00 is £29.17, a minor development charge of £200.00 is £166.67 and a Major development charge of £600.00 is £500.00.
- 2.4 It was estimated at the time of the decision that the introduction of pre-application charges could generate up to £30,000 - £40,000 gross per annum, assuming that the demand for discussions ahead of applications being submitted did not fall as a result of charging. The introduction of the charges on 1st February 2017 fell part-way through the final quarter of the financial year. The original budget estimate for receipts from pre-application planning charges for the financial year 2017-18 was set at £30,000. In the event, pre-application discussions with developers initially declined, resulting in a revised estimate of £25,000 for this and future years. However, income picked up later in the year and the expected outturn for 2017-18 is around £28,000. Since the charges were introduced, the receipts from this income stream have been published within the quarterly performance reports to the Development Management Committee.
- 2.5 It is important to note, particularly with reference to householder and minor development enquiries, that the introduction of charging was not accompanied by a moratorium on providing informal advice to telephone callers. Fees are only charged in respect of written advice provided in response to submitted draft proposals. It is therefore commonplace for initial contact to be in the form of a telephone call, and for the resulting discussion to lead to a decision by the potential applicant as to whether to make a pre-application submission requiring payment of a fee. Since charges were introduced however, discussions by telephone which do not result in a chargeable submission are no longer registered on the Uniform system as pre-application enquiries.

3. The First Year Since the Introduction of Charging

- 3.1 Table 1. below, records the receipts from cases where pre-application charges were paid in the year following their introduction. The cases are broken down by

type and the receipts are compared to the budget estimate on a month by month basis.

Table 1

Month	Estimated receipts	Actual receipts	No of enquiries	Major	Minor	Householder
Feb 2017	£2,500	£2,125	17	2	5	10
Mar	£2,500	£3,031	26	3	6	17
Apr	£2,500	£1,946	29	0	8	21
May	£2,500	£2,973	27	2	10	15
Jun	£2,500	£2,521	20	2	7	11
Jul	£2,500	£1,633	21	1	4	16
Aug	£2,500	£3,104	25	3	7	15
Sept	£2,500	£2,596	25	3	3	19
Oct	£2,500	£2,675	17	2	9	6
Nov	£2,500	£1,942	23	1	7	15
Dec	£2,500	£813	9	0	4	5
Jan 2018	£2,500	£3,711	28	4	7	17
Total	£30,000	£29,070	267	23	77	167
% of Total Number				8.6%	28.8%	62.5%
% of Receipts				39.3%	44%	16.7%

3.2 The following observations are derived from the information in Table 1. First, the estimated income over the 12 month period since introduction was very close to the predicted and budgeted figure of £30,000. Secondly, the noticeable drop in December 2017 was possibly seasonal, but also coincided with a temporary period when the authority was not in a position to offer SANGs mitigation for residential redevelopments, and pre-application submissions for such schemes were therefore encouraged to await the availability of additional provision before being progressed; the higher receipts in January may reflect a consequent balancing of demand. Thirdly, the table indicates that householder pre-application enquiries represented over 60% of the cases but yielded less than 17% of the total income. Whilst the level of analysis, consultation and technical input is significantly greater in respect of the larger cases, the administrative costs in respect of payment processing and data entry does not differ significantly between pre-application types. This raises the question with regard to householder pre-applications whether the actual receipt of £29.17 for each case is proportionate to the cost of providing the service. At the time of the decision to introduce charging, those levied by other authorities in Hampshire was between £40 and £88 for householders, with most charging £40-£50.

3.3 Table 2. below compares the numbers of pre-application cases registered on the Uniform system during the four quarters of the calendar years 2016 and 2017 and the numbers of planning applications submitted and determined in the corresponding period. It is clear that following the introduction of charging, recorded pre-application submissions fell by approximately 50% in comparison with the same period during the previous year, but that there was no corresponding fall in the level of applications submitted. As shown in Table 1, in the period after charges were introduced, charged householder pre-applications comprised 60% of those received.

3.4 Whilst post-charging pre-applications can be easily sorted by type by reference to the fee paid, those prior to charging can only be counted by analysing the description of the proposal as submitted and logged on the Uniform system. Applying this exercise to the 836 pre-application cases registered in the four quarters of the 2016 calendar year indicates that some 540 (65%) involved householder development. In view of the information at 2.5 above, it is reasonable to infer, given that there has been no corresponding fall in the number of planning applications submitted, that the apparent 'fall' in the number of pre-application cases is at least in part attributable to the fact that only 'charged' cases are now entered on the uniform system. Verbal pre-application advice, for which no charge is made, continues to form a significant part of the planning function, and to contribute to the addition of value to the Development Management process.

Table 2

Quarter	Pre-application cases registered	Planning Applications submitted in the quarter	Planning Applications determined in the quarter
Jan-Mar 2016	262	249	180
Apr-Jun 2016	231	285	267
Jul-Sept 2016	214	270	241
Oct-Dec 2016	129	249	249
Jan-Mar 2017*	127	262	216
Apr-Jun 2017	110	282	279
Jul-Sept 2017	79	273	240
Oct-Dec 2017	74	220	225

*Charges introduced one month into this quarter

4. Exceptions and Exemptions from Charging

4.1 The decision to introduced pre-application charging specified only one exemption. This was in respect of the Wellesley (Aldershot Urban Extension) development, the reason being that Grainger PLC, through the S.106 agreement associated with the development, are providing funding for a full time Council Officer post for a ten year period. The responsibilities of that officer include providing pre-application advice on future stages of implementation of the project.

4.2 The Council has traditionally been involved in making occasional, and often small-scale planning applications, for works to its own properties and display of advertisements etc. Cabinet approval is required for the submission of planning applications by the Council. They fall outside the scheme of delegation and are therefore determined by the Development Management Committee. Charges have not, to date, been levied in respect of pre-application queries from within the Council. It would seem appropriate to continue providing free advice to

colleagues in circumstances where the development involves Council property which is being used to provide our own services (for example public notice boards and extensions or alterations to public facilities such as sports pavilions, refuse facilities and the crematorium). Similarly it would seem inappropriate to charge in respect of queries from Hampshire County Council where they relate to the provision of public services in the Borough. The Council's emerging and developing approach to financial management and regeneration increasingly involves acquisition of commercial property and partnership in development schemes. Where the Council is involved either as a partner or developer in commercial development and regeneration, the potential demand for pre-application advice is likely to require greater and more detailed input. It may be appropriate to keep any demand on resources to meet such requests under review.

- 4.3 An issue has been raised at Member level as to whether pre-application charges should apply in circumstances where the potential applicant is a 'charity' or 'community group'. No such exception applies with regard to fees for planning applications set at National Level, other than in respect of applications for facilities in respect of registered disabled persons. The terms 'community groups and charities' covers a very wide range of institutions, some of which receive support and informal advice in a number of ways through their contacts with Members and involvement in partnership working with the Council. The matter of an exemption from pre-application charging to a particular group or type of applicant raises problems of definition, and possible questions of propriety and fairness. Community groups and charities can range from local residents associations and playgroups, to large charities and institutions like the RNIB, Private Schools, or the National Trust, which benefit from significant assets, have large incomes and hold property portfolios which are managed to provide financial returns in the same way as those of other commercial institutions. In circumstances where, for example, a community group or charity is considering the purchase of a building which is on the open market, the provision of free pre-application advice to them, which is denied to another individual interested in the same site, could be seen to be giving an unfair subsidy or advantage in their negotiations. This being so it is considered that, any such exemption should only apply to schemes submitted for pre-application advice by locally registered charities which serve the people of Rushmoor, and should take the form of the minimum charge (applicable to householder schemes and minor developments) regardless of the scheme involved.

5. Risks

- 5.1 Risks identified in the report of November 2016 were the possibility of public concern over a fee being taken from developers for private discussions, meetings and advice, in advance of planning applications giving rise to a perception that subsequent decisions on the applications would not be impartially taken; potential conflict with developers who have paid for advice but whose applications are unsuccessful; that charging would deter pre-application engagement and interrupt the flow of work through the system; that the proposed measures will not result in savings and additional income at the levels estimated; and that additional costs in staff and resources would be incurred in administering the new measures.

5.2 No formal complaints regarding the practice or ethics of pre-application charging have been received in the first year since introduction. Existing staff resources have coped with the associated work, however this has taken place against the backdrop of a consistent rise in application numbers and demand on the service. Table 2 above indicates a numerical drop in pre-application enquiries which followed the introduction of charges which has become the norm. This has not however affected the submission of larger pre-application proposals or the quality of application submissions. It is interpreted principally, as set out in the report, as the result of no longer recording informal 'free' advice given to callers as pre-application cases on the Uniform system, together with some fall-off in 'casual' enquiries from householders who may not be fully committed to pursuing domestic extension projects to the extent that they wish to take paid advice.

6. Legal Implications

6.1 There are considered to be no legal implications.

7. Financial and Resource Implications

7.1 The introduction of pre-application charges has generated £29,070 in the first year. This could rise to £36,000 with the introduction of a 20% increase.

8. Equalities Impact Implications

8.1 There are considered to be no equalities impact implications.

9. CONCLUSIONS

9.1 The introduction of pre-application charging has, in its first year, come close to delivering the financial return predicted when it was introduced. The factors outlined as risks prior to introduction have not given rise to organizational or reputational issues during this initial period. Increasing the charges to reflect government policy regarding planning application fees would be appropriate at this review stage, as would clarification regarding the exemptions from charging set out at 4.3 above.

BACKGROUND DOCUMENTS:

Town and Country Planning Act 1990
Development Management Procedure Order
National Planning Policy Framework

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