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|  <b>Executive 5 January 2017</b>   |  | <b>Agenda Item No.</b><br><br><b>4</b> |
| <b>Title</b>  | Pre-application charging regime for development proposals.   |  |
| <b>For further information about this report please contact</b>   | Gary Fisher  |  |
| <b>Wards of the District directly affected</b>  | All wards  |  |
| <b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b> | No   |  |
| <b>Date and meeting when issue was last considered and relevant minute number</b>   | Executive: 14 January 2015 and 1 July 2015; Overview and Scrutiny: 28 June 2016 and 1 November 2016. |  |
| <b>Background Papers</b>  |  |  |

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| <b>Contrary to the policy framework:</b>                                   | No  |
| <b>Contrary to the budgetary framework:</b>                                | No  |
| <b>Key Decision?</b>   | No  |
| <b>Included within the Forward Plan? (If yes include reference number)</b> | Yes |
| <b>Equality Impact Assessment Undertaken</b>                               | N/A |
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|--|-------------|--------------------------|
| <b>Officer/Councillor Approval</b>                                       |             |                          |
| <b>Officer Approval</b>  | <b>Date</b> | <b>Name</b>              |
| Chief Executive/Deputy Chief Executive                                   | 8/12/16     | Chris Elliott/Bill Hunt  |
| Head of Service  | 8/12/16     | Tracy Darke              |
| CMT  | 8/12/16     |                          |
| Section 151 Officer  | 8/12/16     | Mike Snow                |
| Monitoring Officer   | 8/12/16     | Andy Jones               |
| Finance  | 8/12/16     | Jenny Clayton            |
| Portfolio Holder(s)  | 8/12/16     | Councillor Stephen Cross |
| <b>Consultation &amp; Community Engagement</b>                           |             |                          |
| N/A  |             |                          |
| <b>Final Decision?</b>   |             | Yes                      |
| <b>Suggested next steps (if not final decision please set out below)</b> |             |                          |
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## 1. **Summary**

### 1.1 The purpose of this report is:-

- i. To update Executive on progress with the pre-application advice scheme which since February this year has included a financial charge for advice;
- ii. To recommend that the revised scheme be adopted on a permanent basis.

## 2. **Recommendation**

### 2.1 That the Executive approves the introduction of the pre-application charging scheme as proposed to be modified in this report on a permanent basis, from 1 February 2017.

## 3. **Reasons for the Recommendation**

### 3.1 The revised pre-application scheme has been in operation since February 2016.

### 3.2 The purpose of the trialling of the scheme for a period of a year was to monitor its effectiveness particularly in terms of the income received relative to the costs of providing the service in order to consider whether it could be operated on a permanent basis through the provision of an additional Planning Officer role within the Development Management team.

### 3.3 To enable the monitoring of the scheme during its trial period, an additional temporary Planning Officer post was created within the Development Management team, recruited through a specialist agency.

### 3.4 To date, since February 2016, over 190 non-householder, pre application requests have been received, of which approximately 25% were exempt from the payment of a fee as per the exemptions set out in the charging schedule (Appendix 1).

### 3.5 Over that period, the cost of providing the service on a permanent basis, i.e. through the provision of a permanent member of staff rather than a temporary member of staff recruited through an agency, as is currently the case, would be £37,215 whilst the income received was £42,725.

### 3.6 At this stage, whilst the income received on an on-going basis remains variable, the evidence is nevertheless that it exceeds that required to fund a permanent Planning Officer post to provide an appropriate level of resource to deliver this service in an effective manner on a permanent basis.

### 3.7 The pre-application scheme has been designed to operate by making a charge for the provision of advice on a one-off basis by means of either a single meeting or a written response. Whilst at the outset, it is not possible to design a scheme to address all possible combinations of circumstances, officers have reflected on the experience of running the scheme to date particularly in respect of the way in which the exemptions to the making of a charge have operated but also to other circumstances which have arisen.

### 3.8 Revisions to the way in which those exemptions are applied are proposed, further details of which are set out in paragraph 8 of this report.

## 4. **Policy Framework**

4.1 **Fit for the Future** – Over the period of the trialling of the revised pre-application scheme, the experience has been that this enhanced service has increased the quality of development schemes coming forward contributing to the vision of making Warwick District a great place to live, work and visit as set out in the Sustainable Community Strategy.

4.2 The proposal is consistent with the Fit for the Future Programme as follows:

*Service: To Maintain and Improve Services* – the proposal will allow the Council to maintain a planning advice service of good quality.

*Money: Achieve and maintain a sustainable balanced budget* – the charges will enable the right level of resource to be available to provide the service at no additional cost to the Council.

*People: Engaged and Empowered Staff* – as it will help the Council to make sure it has the right staff in place and that they are appropriately supported and engaged to deliver the service.

4.3 **Impact Assessments** – It is anticipated that the permanent introduction of this enhanced service and the provision of an additional resource within the Development Management Team in that respect will assist with the appropriate provision of that service across all sections of the community.

## 5. **Budgetary Framework**

5.1 The budget necessary for running this scheme on a permanent basis needs to cover the cost of providing an additional staff resource within the development management team. The recruitment of a permanent member of staff will cost in total £43,000 per year and this is therefore the minimal level of income required to fund that cost. Any further income received will contribute towards the further costs that are incurred in supporting the service, for example, administrative, ICT costs, etc.

5.2 Members may recall that following a recommendation from the Finance and Audit Scrutiny Committee, last year, Executive authorised the scheme to be trialled for a 12 month period, using a member of staff recruited through a specialist agency in order that, should the scheme prove not to be successful, the role could be terminated speedily. Members will be aware that the cost of recruiting to a role in that way carries a significantly greater cost than recruiting a permanent member of staff, which in this case is circa £60,000 per year.

5.3 At the current level of demand for pre-application advice as set out above, the income received from the revised scheme exceeds the costs of providing the service on a permanent basis such that should that pattern and level of income continue there will be sufficient income in the longer term for the scheme to become self-funding.

5.4 The Executive in July 2015 agreed that any staffing costs arising from the initial trial of the revised regime which are not met from the income received from the scheme over that period would be funded from the Planning Reserve. With income to date of £42,725 and expenditure on additional agency staff of £51,930 this currently leaves a balance of £9,200 to be funded from the

Planning Reserve. Excluding this, the Planning Reserve has an unallocated balance of £457,000.

- 5.5 When considering the appropriate level at which to set the charges for pre-application advice, officers were mindful of the need to ensure that there is full cost recovery whilst also setting charges at a level which encourages customers to access this key initial element of the consideration of their development proposals. In doing so, the proposed charges were benchmarked against the wide range of fees set by other Local Planning Authorities and were set at a level which falls broadly within the mid range of those charges.
- 5.6 It is intended that that the level of charges will be reviewed on a regular basis, initially commencing prior to October 2017 in time for the annual setting of the Council's schedule of fees and charges.

## **6. Risks**

- 6.1 Should the Executive authorise the making of charges for pre-application advice on a permanent basis, there is a risk that over future years, the level of income received may reduce such that the service is no longer able to be self-funding. However, given the income received to date over the trial period, and the nature and scale of the development proposals likely to be coming forward within the District in the foreseeable future, the likelihood of that being the case is considered to be low. The charges will in any case be reviewed annually.
- 6.2 Should the Executive not support the recommendation, there is however considered to be a greater risk associated with the continued provision of pre-application advice without charge and without any increase in the resourcing available within the team. Such a position would result in the service reverting back to a low level of customer service generating an increasing number of complaints and further lost opportunities to proactively influence development proposals at an early stage.

## **7. Alternative Option(s) considered**

- 7.1 It is considered that the operation of this aspect of the development management service in the manner prior to the introduction of a charging regime did not provide an appropriate level of customer service or contribute as effectively as it could to the delivery of increasingly good development across the District. For that reason, in such circumstances, the only alternative to charging would be to cease providing any pre-application advice as there is no capacity to offer a free service.
- 7.2 Offering lower charges is not appropriate either since it would not generate sufficient financial resource to cover the cost of providing the service.

## **8 Background**

- 8.1 Pre-application advice is a key element of the provision of a rounded and effective development management service.
- 8.2 The provision of such advice is important in providing developers with an appropriate steer as to the acceptability of their proposals prior to the submission of a planning application. It is also useful in identifying at an early stage, schemes where there is little or no prospect of success thereby

potentially preventing significant expenditure on the part of an applicant directed at schemes which are not acceptable.

- 8.3 It is widely acknowledged that the benefits of effective pre-application services are generally welcomed within the development industry and that developers are willing to pay for that service subject to it being provided in a timely and transparent manner.
- 8.4 Members will recall that the successful implementation of this scheme relies upon additional staff resource within the Development Management Team. This will build in sufficient capacity to ensure that pre-application work is undertaken in a focussed and timely manner.
- 8.5 This approach was agreed on a trial basis by Executive for a year to establish whether the scheme is successful and whether the level of income derived will be such that in the longer term the scheme will become at least self-funded. If the scheme was not successful, then the alternative was to cease any pre-application advice as there is no capacity to offer a free service.
- 8.6 To assist Members in considering this report, the scheme itself has been reproduced at Appendix 1 with proposed revisions highlighted, which are discussed below - the additions are included in italics and text proposed to be deleted is struck through.

#### The Current Position

- 8.7 As part of the updates to the Overview and Scrutiny Committee on the progress with the trial during 2016, officers reported that the commencement of the project was later than intended due to difficulties experienced in recruiting an Officer on a temporary basis and that unfortunately the officer initially recruited was not suitable and the contract was terminated after 3 months.
- 8.8 Subsequently, a further officer was recruited into the post who was also unable to fully undertake the role, leaving the authority in August this year. A third officer was recruited whose contract will expire on 31 March 2017.
- 8.9 This series of events over a 9 month period was inevitably disruptive to the provision and monitoring of the service, with other officers working as far as possible to backfill that role at the times during which there was no officer in post.
- 8.10 Whilst it has been evident that the level and nature of pre-application requests can vary significantly from week to week with the number of requests received in any one week varying between none and seven, and the fee income received in any one week ranging between zero and £3,450, as we have moved into the final quarter of the trial period it has become clear that the income being received is now significantly exceeding the cost of providing the service on a permanent basis.
- 8.11 Of the requests received that did not attract a fee, the majority have arisen from proposals relating to Listed Buildings and works on behalf of local charities and Housing Associations. It is noteworthy that these schemes have included significant proposals for market housing and offices and that the total fee income that would have arisen from all the exempt proposals had a fee been required, to date is £7,400.

- 8.12 As indicated above, whilst at this stage, the income received on an on-going basis remains variable, the evidence is nevertheless that it exceeds that required to fund a permanent Planning Officer post to provide an appropriate level of resource to deliver this service in an effective manner on a permanent basis.

#### Proposed Revisions to the Scheme

- 8.13 There have been circumstances over the last 9 months where proposals which are exempt from the payment of a fee have been the subject of repeated requests for further advice over and above that which would have been the subject of the fee. One of the reasons for this is likely to be that the scheme, as set out on the Council's website doesn't identify the approach to be taken in that set of circumstances.
- 8.14 In order to clarify that position, it is proposed that the charging schedule be amended to limit the advice provided free of charge to that provided by means of the first meeting or written response.
- 8.15 There have also been examples where advice has been provided free of charge to both local charities and housing associations in respect of proposals for large scale i. office and ii. residential schemes providing predominantly market housing, which do not directly benefit their service users and which therefore are considered not to fall within the spirit in which the exemption from paying a fee is provided.
- 8.16 It is therefore also proposed to revise the charging regime to ensure that the exemption may only be applied to smaller scale projects or larger proposals which directly benefit service users.
- 8.17 Finally, it has also become clear that there is a lack of clarity within the scheme relating to the circumstances where advice is sought following a grant of outline planning permission but prior to the submission of the details of a scheme which can often involve regular meetings with the developers involved or following the refusal of planning permission.
- 8.18 The intention of the pre-application scheme from the outset was to include the making of a charge for each meeting or written response provided and the charging regime is also proposed to be clarified in order that in such circumstances the relevant fee is paid in advance of each meeting.

## Appendix 1

### Warwick District Council Pre-Application Service Charges

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| <b>Tier 1:</b> Self service advice via the WDC website: No charge.  |
| <b>Tier 2A:</b> Request for a written response as to whether planning permission is required. Fee of £35 for a written response.  |
| <b>Tier 2B:</b> Request for a written response as to the acceptability of a minor proposal: Fee of £50 for householders or £150 for other proposals.  |
| <b>Tier 2C:</b> Provision of verbal advice at the Development Management/Building Control householder drop in session: free of charge.  |
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| <b>Tier 3:</b> Provision of pre-application advice for small scale non-householder proposals which do not fall within tiers 4 – 6: Fee of £150 per meeting or written response; or £300 for both.   |
| <b>Tier 4:</b> Provision of pre-application advice for proposals which fall within the “minor” development category: i.e. residential proposals of 1-9 dwellings or involving a site area up to 0.5 ha; commercial proposals involving less than 1,000 sq m of floor space or a site area of less than 1 ha: Fee of £300 per meeting or written response; or £600 for both.                     |
| <b>Tier 5:</b> Provision of pre-application advice for proposals which fall within the “small scale major” development category: i.e. residential proposals of 10 – 199 dwellings or involving a site area of 0.5 - 4 ha; commercial proposals involving between 1000 and 9999 sq m of floor space or a site area of 1 -2 ha: Fee of £600 per meeting or written response; or £1200 for both.   |
| <b>Tier 6:</b> Provision of pre-application advice for proposals which fall within the “large scale major” development category: i.e. residential proposals of 200 or more dwellings or involving a site area of 4 ha or more; commercial proposals involving 10000 sq m or more of floor space or a site area of 2 ha or more: Fee of £900 per meeting or written response; or £1800 for both. |

1. All fees are *exclusive* inclusive of VAT *and apply to all development proposals including those following both the grant of outline planning permission (i.e. prior to the submission of reserved matters applications) and the refusal of planning permission.*
2. *For any specific development proposal, a fee will not be charged for the first round of advice (provided by means of either a written response or meeting) relating to proposals which:-*
  - are brought forward by small charitable organisations that are based within Warwick District *where the proposal either i. falls within tiers 2 to 3 or where larger schemes falling within tiers 4 to 6 are proposed to directly benefit the users of the charity;*

- ~~are submitted by or on behalf of Housing Associations~~; *propose the provision of affordable housing within the District.*
- assist disabled people: for example, proposals involving modifications to make a house more accessible or user friendly.
- require Listed Building consent (not including redevelopment schemes where the work to a Listed Building is part of a wider proposal).
- are for employment development falling within the B use class.