TO PORTFOLIO HOLDER FOR PLANNING, CLLR. ANDY BAKER

12th December 2023

REPORT OF THE DIRECTOR OF PLANNING

A.1 <u>Planning Service: Proposed Fees and Charges for 2024/25</u>
(Report prepared by Sharon Harwood-Bee)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT
To seek the Portfolio Holder's concurrence to the proposed schedule of fees and charges 2024/25 for the Planning Service.

EXECUTIVE SUMMARY
• This report sets out the proposed fees and charges for 2025/25 for the Planning Service. They continue to be considered against a number of key principles that form part of the long-term financial forecast approach which are summarised later on in this report. • In respect of statutory fees, in accordance with the legislative changes put agreed as a result of the DLUHC consultation in 2023. • Any amendments to income budgets that are required to reflect changes to fees and charges will be included in the detailed budget proposals for 2024/25 that will be considered by Cabinet / Full Council next year. • In respect of Full Council next year, the individual decisions agreeing fees and charges will be collated and presented as part of the overall budget setting process for 2024/25.

RECOMMENDATION(S)
That the Schedule of Fees and Charges 2024/25 for the Planning Service set out in Appendix A be agreed.

REASON(S) FOR THE RECOMMENDATION(S)
To enable the implementation of a revised fees and charges schedule for 2024/25..

ALTERNATIVE OPTIONS CONSIDERED
Please see the considerations / reasons behind the proposed fees and charges later on in this report.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES
The forecasting and budget setting process, including fees and charges, will have direct implications for the Council's ability to deliver on its objectives and priorities. At its heart, the 10-year approach to the forecast seeks to establish a sound and sustainable budget year on year through maximising income, including income raised from fees and charges, whilst limiting reductions in services provided to residents, businesses, and visitors.

OUTCOME OF CONSULTATION AND ENGAGEMENT

LEGAL REQUIREMENTS (including legislation & constitutional powers)			
Is the recommendation a Key Decision (see the criteria stated here)	**No**	**If Yes, indicate which by which criteria it is a Key Decision**	☐ **Significant effect on two or more wards** ☐ **Involves £100,000 expenditure/income.** ☐ **Is otherwise significant for the service budget.**
		And when was the proposed decision published in the Notice of forthcoming decisions for the Council (must be 28 days at the latest prior to the meeting date)	

The arrangements for setting and agreeing a budget and for the setting and collection of council tax are defined in the Local Government Finance Act 1992. The previous legislation defining the arrangements for charging, collecting, and pooling of Business Rates was contained within the Local Government Finance Act 1988. These have both been amended as appropriate to reflect the introduction of the Local Government Finance Act 2012.

Trading and the power to charge are set out in the Local Authorities (Goods and Services) Act 1970 and the Local Government Act 2003 – Section 93, respectively. The latter also requires that charges for discretionary services should be on a cost recovery basis.

Under Para 4.4.1 (8) Part 3.4 of the Council’s Constitution, all Assistant Directors, in consultation with the relevant Portfolio Holder, Management Team Member and the Assistant Director (Finance & IT), are authorised to decide the level of the annual discretionary fees and charges for their service (including any in-year changes that may be required) for inclusion within the Council’s corporate schedule of fees and charges. Following the above consultation, an Officer decision must be published.

Legislation:

Planning Fees are set nationally under the Town & Country Planning (Fees for Applications, Deemed Applications, Requests and Site Visits) (England) Regulations 2012.

Local Land Charges fees are set under The Local Authorities (England) (Charges for Property Searches) Regulations 2008 and the Local Land Charges Fess (England) Rules 2018.

Building Control fees are made under The Building (Local Authority Charges) Regulations 2010

The powers to charge outside of the areas listed above are set out in the Local Authorities (Goods and Services) Act 1970 and the Local Government Act 2003 – Section 93, respectively. The latter also requires that charges for discretionary services should be on a cost recovery basis.

☐ **The Monitoring Officer confirms they have been made aware of the above and any additional comments from them are below:**

It is presumed the service has checked the powers for each fee being proposed within its Schedule of Fees and Charges and if relying on the general power in Section 93 of the LGA 2003, they are on a recovery only basis.

Trading for a profit is prohibited unless the Council does so through a separate company.

The Section 93 power works on the basis that, if it wishes, a local authority can charge for a discretionary service, but individuals cannot be required to pay for a service they do not wish to receive or use. Anyone who requires the service agrees to take it up on those terms. To ensure fees can be recovered evidence of such an agreement is required and advice has previously been given to the service to ensure this documentation is in place and robust.

FINANCE AND OTHER RESOURCE IMPLICATIONS

Finance and other resources

Fees and Charges have been reviewed against the key principles that underpin the long-term forecast, which includes the generation of income whilst balancing strategic and external market conditions.

Given the significant on-going financial challenges faced by the Council from 2024/25, a key underlying principle is to consider inflationary increases wherever possible to support corresponding increases in the Council’s own costs in delivering the associated service(s). The current rate of inflation remains relatively high, and it may not necessarily be practical / possible to ‘translate’ such an increase into the actual fee increase proposed. Therefore, set against this inflationary context, any proposed increases in fees and charges must be balanced against other considerations / market conditions, whilst also recognising the restrictions placed on local authorities in terms of setting fees and charges as set out within the legal section above. Further details relating to any proposed increases to fees and charges is set out below.

Any changes to income budgets resulting from any changes in the level of fees and charges agreed, will form part of the detailed budget setting process for 2024/25. It is also recognised that there may be advantages to allocate some or all of any additional income to associated investment / expenditure, which will also need to be considered as part of the detailed budget setting process for 2024/25.	
X	**The Section 151 Officer confirms they have been made aware of the above and any additional comments from them are below:**
Although there are no further comments over and above those set out elsewhere in the report, it is important to highlight that the demand / volumes used to calculate the estimated total income figures included within this report are based on those held / estimated by the Service. It is recognised that the fee increase will only be supporting delivery of existing budgets which will continue to be closely monitored as risk in the current market remains high.	

USE OF RESOURCES AND VALUE FOR MONEY	
The following are submitted in respect of the indicated use of resources and value for money indicators:	
A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services.	Please see relevant comments elsewhere in this report.
B) Governance: how the body ensures that it makes informed decisions and properly manages its risks.	
C) Improving economy, efficiency, and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.	

MILESTONES AND DELIVERY
Fees and Charges for 2024/25 form part of the wider budget setting process, which culminates in the detailed estimates being presented to Full Council in February 2023. Fees and Charges must therefore be approved in advance of this date.
ASSOCIATED RISKS AND MITIGATION
Planning Fees The adoption of the Local Plan and the sound 5-year Housing Supply has reduced the number of speculative planning applications. In addition, the general downturn in the economy and slowing of the housing market has impacted Planning income. Planning fees for 2024/25 are subject to a change in legislation which provides for a a significant increase in fees and charges: 35% increase on major applications, and 25% to all other application types. However, it is recognised that the fee increase will only be supporting delivery of existing budgets which will continue to be closely monitored as risk in the current market remains high.

LLC Search Fees

The general downturn in the property market is impacting, and will continue to impact, on the number of Local Authority Searches requisitioned. Interest rate stability will, in time, positively impact the housing market and, as a result, search numbers.

LLC fees are calculated on a three-year rolling cost recovery basis which allows for an increase in fees and charges in 2024-25 to offset the reduction is search requisition numbers.

Building Control Fees

This area remains stable, and fees remain competitive. A general inflationary increase is proposed, although the general downturn in planning application numbers and land sales may affect the number of building applications coming through in 2024/25.

EQUALITY IMPLICATIONS

No direct implications

SOCIAL VALUE CONSIDERATIONS

No direct implications

IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2030

No direct implications

OTHER RELEVANT CONSIDERATIONS OR IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder	**None**
Health Inequalities	
Area or Ward affected	

PART 3 – SUPPORTING INFORMATION

BACKGROUND
Income from fees and charges form an important element of the budget and the financial sustainability of the Council as set out in the long-term forecast. Similar to previous years, Departments have been asked to review their fees and charges on an individual basis as changes may need to be made to meet specific aims or strategic objectives or in some cases in response to external factors such as market forces. The review of fees and charges has been set against the following key principles: • general inflationary increases where possible or lower where appropriate / justified. • amounts rounded for ease of application, which may result in a slightly above inflation increase. • on a cost recovery basis as necessary • reflect statutory requirements. • increases where market conditions allow. • to meet specific priorities or service delivery aims / objectives. As highlighted earlier in this report, the Council faces several significant financial challenges in 2024/25 and beyond. It is therefore important that fees and charges are considered against this context and to maximise income opportunities where possible, albeit whilst balancing the various issues highlighted above. Income budgets included in the detailed estimates will reflect any required changes from the proposed fees and charges set out in this report.
PLANNING SERVICE - PROPOSED FEES AND CHARGES 2023/24
Set against the current fees and charges for 2022/23, **Appendix A** includes the schedule of fees and charges proposed for 2024/25, which have been developed by applying the key principles highlighted above. **Planning Fees Including Pre-Application Fees:** Planning fees are statutory, and a review and consultation of the current charging schedule was undertaken by Government in early 2023. In July 2023 draft regulations were laid in Parliament to introduce a National Planning fee increase of 35% for major applications, and 25% for all other applications. The Bill's second sitting was passed on 8th of November 2023 with the increases coming into effect from on 6th December 2023. The Statutory Planning fees and charges calculated reflect those increases. A sound 5-year Housing Supply has reduced the number of speculative planning applications, and in addition, the general downturn in the economy and slowing of the housing market continues to impact Planning income.

Q1 & Q2 reports to the Director of Planning and Assistant Director, Finance & IT have highlighted income levels which continue to be monitored monthly.

However, Pre-application income remains buoyant and above target. A review undertaken in October 2023, including a comparison of fees charges by neighbouring Authorities and in respect of consultation input from Place Services is reflected in the inflationary increases shown at Appendix A.

Budget			**Actuals 13.12.23**
Income	£1,007,580		£ 596,253
Expenditure	£1,449,130		£ 985,352
Deficit	£ 441,500		£ 389,099

Local Land Charges Fees

Continuing in line with cost recovery on a 3-year assessment period, an increase in fees is proposed for the 2024-25 financial year. Significant downturn in income for 2023/24 along with a general downturn in property and land sales is being reflected in reduced search numbers as was seen in the 2022/23 income levels and it is anticipated that this downturn will continue into 2024/25.

The proposed fee increases are to support the cost of the service and reflect an estimated reduction in demand. Income reflects the current market conditions and fees will be kept under review in 2024/25.

Budget			**Actuals 13.12.23**
Income	£178,960		£ 92,737
Expenditure	£171,580		£ 92,373
Surplus / Deficit	£ 7,380		£ 364

As highlighted above, although there is a proposed fee increase for 2024/25, this will be offset by an expected reduction in demand. The total income budget will therefore remain unchanged for 2024/25 with the aim of continuing to deliver a cost recovery position, although this will be kept under review during 2024/25 given the particularly challenging market currently experienced.

Building Control Fees:

Income for 2023/24 has generally been on target and is anticipated to be close to budgetary income expectations.

However, as the housing / construction industry experiences a downturn, it is anticipated that these effects will filter through to Building Control and there may be a reduction in application numbers over the coming year.

In line with the requirement to cover our costs, a general inflationary increase to Building Control fees is proposed. The proposal is made with the anticipation of reducing the impact of the downturn and to support the cost of the service.

It is anticipated that the income generated from the proposed fees increase will offset the downturn in application numbers, and will not, therefore, exceed the cost of delivering the service.

Budget			**Actuals 13.12.23**
Income	£256,640		£147,167
Expenditure	£448,040		£338,855
Deficit	£223,400		£191,688

PREVIOUS RELEVANT DECISIONS
Portfolio Holder decision to implement mid-year administrative charge for applications to modify or vary S.106 agreements.

APPENDICES
Attached – Appendix A Detailed fees and charges 2024/25 for the Planning Service

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