

Surrey Heath Borough Council

Executive

13 February 2024

Review of Planning Services Fee Charges 2024/25

Portfolio Holder:	Councillor Alan Ashbery - Sustainable Transport and Planning
Strategic Director/Head of Service	Gavin Chinniah
Report Author:	Jonathan Partington and Samantha Hallam – Development Manager and Building Control Manager
Key Decision:	No
Date Portfolio Holder signed off the report	22.01.2024
Wards Affected:	All

Summary and purpose

This report and background paper provides a review of Planning and Building Control services. This includes fee increases to the current paid pre-application advice service to align with the national increases to planning application fees that came into effect on 6 December 2023. For non-majors this has resulted in a fee increase of 25% and for majors an increase of 35%. The government's aim is to increase resource and capacity for planning departments and, by association, improve performance.

This also includes a 53% increase to building control fees based upon a review of the provision costs of the service, in accordance with the principles in Building (Local Authority Charges) Regulations 2010. In addition, a benchmarking exercise with other Surrey authorities was completed to determine if the fees proposed were also competitive in the market place.

Additionally, new fees are proposed for planning and building control administration tasks. New fees are also proposed for planning general enquiries and it is proposed to expand the existing fast-track planning application service to include minor developments. Finally, it is proposed to improve the use of Planning Performance Agreements (PPAs) by improved website content, standardised fees and a template agreement.

The purpose of these changes is to ensure that the department continues to deliver the best possible customer service with clear expectations for the public. Income generation as a result of these changes will enable the service to reinvest the resource and support the wider council objectives.

Recommendation

The Executive is advised to RESOLVE that:

- (i) The pre-application charging schedule be increased by 25% for non-major proposals and 35% for major proposals and takes effect from 1 April 2024;
- (ii) The existing fast-track planning application service continues and, subject to piloting, from 1 April 2024 is expanded to include minor developments;
- (iii) General enquiries fees and administrative fees for paper handling and invalid planning applications be introduced and take effect from 1 April 2024;
- (iv) Planning performance agreements are standardised and better promoted with a clear fee structure, template agreement and improved web content;
- (v) Building Control fees be increased by 53% to take effect from 1 April 2024;
and
- (vi) Building Control administrative fees are introduced for archive records, Demolition Notices and Exempt Building Work Certificates.

1. Background and Supporting Information

- 1.1 The attached paper provides the full rationale for the proposals. This includes a background to the existing services and a review of their relative success. The proposals are also supported by case studies from other local authorities and benchmarking of other Surrey authorities. Cross-referencing is given below and further background information on the history and purpose of these services.
- 1.2 An effective pre-application advice service is key to decision making. The National Planning Policy Frameworks states: 'Early engagement has significant potential to improve the efficiency and effectiveness of the planning application system for all parties. Good quality pre-application discussion enables better coordination between public and private resources and improved outcomes for the community.' As explained on page 2 of the paper in April 2023 the service published revised pre-application fees. This followed a benchmarking exercise with other Surrey authorities. This new service introduced additional categories for charging, (for example, heritage advice and concept only meetings); widened the choice for the applicant with optional extras; and, created more fee categories by type and size of proposal. The paper explains the success of this service to date.
- 1.3 The April 2023 pre-application fees do not take into account the government's 2023 technical consultation on increasing planning fees and performance that ran for 8 weeks from 28 February 2023 – 25 April 2023. This consultation proposed national planning application fee increases of 25% for non-majors

and 35% for majors with the aim from the increase in fees to result in increased resource and capacity for all planning departments, and in turn facilitate stronger performance. In July 2023 the government published its response to the consultation concluding that these fees increases would be carried forward, with draft regulations laid on 20 July. The new fee regulations were approved and made on 8 November 2023 and came into effect on 6 December 2023. Increasing pre-application fees will therefore align with the government's aims and will further increase the service's ability to exceed key performance indicators.

- 1.4 The purpose of a fast-track planning application service is to accelerate the determination of a planning application for a decision to be quicker than the statutory determination date (normally 8 weeks), for an additional fee on top of the statutory fee. The concept is similar to other government services whereby for a premium you obtain a quicker result. For example, applying for a passport. Few authorities nationally currently offer such a service and no other authority in Surrey. Of those authorities that do, what is offered varies but typically it is a speedier registration of an application, an earlier site visit and an earlier decision date. In April 2023 the service introduced fast-track for householder submissions and applications for certificates of lawful development only. This was a 6 month pilot until December 2023 so that the resourcing of this service could be monitored. Page 8 of the paper explains in more details how the current service operates and reviews the success of this service.
- 1.5 Page 10 of the paper explains the background to how we currently handle informal planning enquiries. Between April 2023 – October 2023 we received 150 or an average of 21 per month. Page 13 explains the process of validation of planning applications. Whilst the majority of applications are received electronically, for the minority there is still paper handling that takes up valuable resource. The scrutiny of planning applications to check validity can be time consuming and repeated invalid applications can unnecessarily impact upon the capacity of the service.
- 1.6 A Planning Performance Agreement (PPA) is a flexible project management tool for major developments typically agreed between the applicant and the local planning authority. A PPA will set milestones and agreed targets and can cover both the pre-application process, the planning application and even post-application stage. It is meant to be agreed in the spirit of a memorandum of understanding rather than as a legally binding document. However, there will be expectations on each party and for an agreed fee the planning authority will commit to resource, for example, attendance at meetings. A successful PPA will give greater certainty to the planning process and help foster a collaborative approach to designing better development. This is particularly important on larger developments and where impacts on the community are most significant. Page 14 of the paper explains how we currently agree a PPA with charges bespoke and every agreement different in content and form. Since April 2023 to date the service has secured three PPAs all related to the redevelopment of Princess Royal Barracks.

- 1.7 The determination of the fees charged for Building Control's chargeable function or chargeable advice is based on the principles of achieving full cost recovery. In doing so the 'user pays the costs' and avoids placing undue burden on those who pay Council Tax to cover the cost of the services provided.
- 1.8 Therefore these new fee proposals aims to address the deficiencies of the charging regime by providing more accuracy and fairness, and also further improve the standards and environment within which local authorities and Approved Inspectors operate and compete.

2. Reasons for Recommendation

(i) Pre-application service

- 2.1 This recommendation to uplift the fees is principally driven by the government's increase in statutory planning application fees, that took effect on 6 December 2023. As explained on page 2 of the paper the new regulations have increased non-major application fees by 25% and major application fees by 35% with immediate effect. From 1 April 2025 there will also be annual increases of fees increased by the lower of (a) the percentage increase in the consumer prices index, and (b) 10%, rounded up or down to the nearest £1. The breadth and comprehensiveness of the pre-application service that has been in operation since April 2023 has operated well and there is no need or requirement to make changes to the actual services offered. This current service has also generated significant income that can be invested back into the service and wider council.

(ii) Fast-track service

- 2.2 Between April – December 2023 the fast-track service for householders and certificates was piloted. Whilst the take up of this service has not been as high as expected, there has been no resource issues and the accelerated targets have been achieved. When this service was first introduced consideration was also given to including minors. However, it was deemed to be more problematic because of the greater reliance on consultees where delays are out of our control; the greater likelihood of committee call-ins; the greater work time needed to process them; and, by association, our historical statutory performance on minors has not been as good and there is often a greater necessity for extensions of time. Nevertheless, the feedback from planning agents was that a fast-track service for minor developments (i.e. 1-9 dwellings or less than 1,000 sq.m.) was most likely to be supported by their clients. Given that the service remains fully resourced and to date we have generally met the current fast-track targets, it is therefore proposed to introduce this service.

(iii) Informal planning enquiries and validation of planning applications

2.3 Charging for informal planning enquiries will align us with other Surrey authorities that currently do so. These enquiries take up valuable officer time and so it is reasonable to charge for this service. Paper handling costs the service time and money and so again charging for this service is appropriate. Invalid planning applications are common impacting upon the service workload. Invalids can result in repeated correspondence with applicant or agent, lengthy delays with registration and a back office and backlog or submissions that cannot be processed that impacts upon future work allocations. This could and should be avoided, particularly when the service has produced a comprehensive and up to date list of national and local requirements. A charge would discourage these poor submissions and may result in the reduction of invalid submissions.

(iv) Planning performance agreements

2.4 In the December 2023 Written Ministerial Statement, the Secretary of State for Levelling Up, Housing and Communities commented on PPAs as working well in some areas but that they are used inconsistently with charges and the level of service varying significantly between authorities. The government therefore intends to regularise these arrangements whereby clear milestones have to be agreed and fees set at an appropriate level and those fees have to be refunded where milestones are missed. The government intends to consult on these arrangements in the new year. The proposal to regularise the use of PPAs in Surrey Heath is consistent, therefore, with the government's thinking and we are ahead of the curve. By standardising and simplifying the process it is hoped that this will aid developers and increase the use of future PPAs.

(v) Building Control fees

2.5 The recommendation to uplift the fees has been driven as a result of a budget monitoring process, taking into consideration the principle of full cost recovery, a deficiency of 53% in the fees currently charged and the cost of the provision of the service was realised.

(vi) Building Control administration fees

2.6 After reviewing the type of request that Building Control currently receives and processes with no financial reimbursement, the following services were identified:

- Opening, reviewing and providing copies of plans, calculations and decisions for historical and archived applications.
- Processing of Demolition Notices. Includes inputting of information into our system, response to the applicant and notification by post to all adjacent neighbouring property owners and site inspections where necessary.

2.7 These enquiries take up valuable officer time and are for the sole benefit of individuals or organisations profiting from development, so it is reasonable to

charge for this service. Research of other Local Authority Building Control services through England revealed that these are charges and services provided by others, including many in Surrey.

(vii) Building Control - Exempt Building Work Certificates

- 2.8 This service that is not currently provided; however, it is an opportunity to add value to the services available from the Building Control service. These certificates are similar to the certificates for lawful development currently provided by Development Control. There are categories of building work that are exempt from the requirement to submit a Building Control application as specified under Schedule 2 of the Building Regulations
- 2.9 By providing a method to submit an application for review from Building Control to confirm that these work would be exempt from the full building control process would provide security and peace of mind to building owners. For example, when selling their property and thereby saving valuable time when questions arise through property searches. Research of other Local Authority Building Control services through England revealed that these are charges and services provided by others, including many in Surrey.

3. Proposal and Alternative Options

- 3.1 Please see the table on pages 3 -7 of the attached paper that contains the proposed new fee schedule for the pre-application service uplifting the current fees by 25% for non-majors and 35% for major developments. All charges are inclusive of VAT. By way of example, the pre-application fee for written advice on a householder proposal would increase from £150 to £188. To put this into context, the current householder planning application fee is £258 (uplifted from the previous fee of £206). The highest pre-application fee for a major development (i.e. for 100 or more dwellings) would see an increase from £10,000 to £13,500. The equivalent planning application fee for 100 dwellings is £40,160 (uplifted from the previous fee of £29,759).
- 3.2 Whilst alternative options for increases were considered, for example in line with inflation or a 10% increase, compared to these increased national planning application fees for the equivalent developments these charges are reasonable. Moreover, even for householder proposals, the planning aspect of any development project is still a very small proportion of the overall design and build costs.
- 3.3 The proposed fast-track planning application service for minor developments is detailed on pages 8-10 of the attached paper. These fees would be inclusive of VAT. The applicant would have the choice of choosing one or all of the options. If all options are chosen then validation checks of the planning application would occur within 1 working day, a site visit would be undertaken within 5 working days from registration and a decision would be made within 6 weeks from registration, rather than the statutory 8 week period. For example, for 1 new dwelling this proposes a fee of £900 in addition to the

planning application fee of £578 or a total of £1,478. As explained in the paper, this service will need to be caveated with a strict eligibility criteria.

- 3.4 Alternative options included increasing the existing fast-track fees for householder and certificate applications, and/or also including major developments, or doing nothing and retaining the status quo. Increasing the current fees has been discounted because of the low take-up to date. Major developments (e.g. 10 + dwellings) have been excluded because a bespoke timetable can still be secured via a PPA. In addition, there is even greater reliance on consultees with majors. Retaining the status quo has also been discounted given that there is a demand for this minor development service following feedback from the agents forums. Furthermore, the department remains fully staffed and given the current workloads can resource this.
- 3.5 As shown on the table on page 11 of the paper, informal planning enquiries fees of £75 per enquiry are proposed. This would include vehicular crossover/dropped kerb enquiries, permitted development rights and use class history checks, planning land use and trees constraints checks. These enquiries are currently free. Archive document checks would also be chargeable at £150 per enquiry to align with the Building Control equivalent service. These fees are nominal. Higher fees would be unreasonable but lower fees would not be worth the processing time. Continuing with the status quo of not charging has been discounted given the resourcing pressures these enquiries bring.
- 3.6 Administrative charges for paper handling and for invalid planning applications are set out on page 13 of the paper. The paper handling charges are nominal. The invalid planning application one-off charges are scaled to reflect the complexity of the development and the likely associated resource time with a charge of £75 proposed for householder submissions; £150 for minor applications; and, £225 for major applications. The lawfulness of this proposal is explained in section 7. Alternatives considered were only charging when there would multiple reasons for an application being invalid, or not charging for trivial reasons, however, in practice this is likely to be cause disputes and be too difficult to administer.
- 3.7 As explained on page 14 of the paper, for PPAs the proposal is to simplify the process for applicants by publicising a standardised set of fees and a template agreement. Continuing with the current process of negotiating bespoke fees is not considered to be a feasible option in the future given the protracted negotiations and unnecessary delays that this causes. Further work, including Surrey benchmarking, is required before this service is offered.
- 3.8 Please see the annex A on pages 17 - 19 of the attached paper that contains the proposed new fee schedule for the Building Control service, uplifting the current fees by 53%
- 3.9 Whilst alternative options for increases were considered, for example in line with inflation or a 10% increase, compared to the cost of providing the service

and the current fees charged by other Surrey Authorities, these charges are reasonable. Moreover, the Building Control charge for any development project is still a very small proportion of the overall design and build costs.

- 3.10 The proposed new costs for the Building Control services identified in section 2.7 and 2.8 above are detailed on page 16 of the attached paper. These costs have been calculated based on the costs incurred by the authority in performing these functions and advice. Continuing to not charge has been discounted given the resourcing pressures these enquiries bring.

4. Contribution to the Council's Five Year Strategy

- 4.1 These services align with Surrey Heath's current 5 Year Strategy by facilitating the priority to be an *Effective and Responsive Council* due to the high level of customer service that the services provide. It also supports the *Economy* and for residents, business and developers alike. A well delivered Building Control and pre-application advice service enables planning applications to be determined more efficiently and a fast-track service provides greater confidence and certainty for applicants and developers whether this is for funding purposes, contractual requirements, build project deadlines or conveyancing reasons. Charging for administrative tasks and general enquiries enables the resource to be best utilised within the department and enables us to be more effective. A standardised PPA approach makes securing project management an easier process for major developments and means that we work more collaboratively with developers to respond to their needs, and deliver high quality development and improve the *Environment* of Surrey Heath.
- 4.2 In November 2021, the planning department was reviewed by the Planning Advisory Service. One of the targets was to improve statutory performance and a fast-track service is a key way of not only doing this but also making Surrey Heath an exemplar – it helps the council stand out from the crowd and be a borough that developers want to do business with. Operating with a commercial mindset is seen as positive progress.

5. Resource Implications

- 5.1 An increase in pre-application fees, the expansion of the fast-track service, promotions of PPAs and charges for general enquiries and other administrative task enables income generation that can be invested back into the planning department and the wider Council.
- 5.2 It is important that by charging for more services that we have the resource to deliver on time and still provide a quality service. The revised pre-application service would not have any additional resource implications for officers.
- 5.3 The department remains fully staffed with planning officers and could resource the fast-track service. There has also been a reduction in the number of planning applications received and case numbers are currently

lower. However, monitoring and review of this service will need to continue including the level of demand and workloads across the entire service.

- 5.4 The technical support team has taken on more administrative tasks in the past 12 months including validation of planning and tree applications. The charges will support this team by ensuring that their time is not wasted undertaking inefficient or unnecessarily lengthy tasks with no return.
- 5.5 An increase in the chargeable Building Control function would allow for reasonable cost recovery of the service to ensure that the provision of a high performing service is maintained. It would also ensure the service is adequately staffed to meet all statutory requirements as set under the Building Act 1984 and associated legislation. These proposals would not have a negative impact on the resources in the service as they are currently being provided.
- 5.6 The addition of services provided by Building Control enables income generation that can be invested back into the service and the wider Council. These would be discretionary services and if resource implications arose the income generated could look to service adequate resourcing.

6. Section 151 Officer Comments:

- 6.1 The Council has included this increase in statutory and discretionary fees in its annual budget for 2024/25. It is considered prudent to accept the government's uplift in statutory fees in full, and likewise adjust the discretionary fees in line with the government uplifts.
- 6.2 The Council has principle of charging for discretionary services on a basis of full cost recovery.
- 6.3 The Building Control account is within a three year ring-fence to cover its cost of service provision. The level of income and costs will be monitored closely to ensure the Council remains within this ring-fence.

7. Legal and Governance Issues

- 7.1 The recommended increases in charges, and introduction of new charges, as set out in recommendations (i) to (iv) and (vi) are proposed under section 93 of the Local Government Act 2003 (the Act) and are reasonable to cover the costs of provision. Section 93 of the Act allows for local authorities to recover costs for the provision of discretionary services.
- 7.2 The recommended increases in charges as set out in recommendation (v) are proposed under The Building (Local Authority Charges) Regulations 2010 and the Council will update its charging scheme with due regard to paragraph 6 (overriding objective in determining charges) and the principles set out in paragraph 7 of the Regulations and the requirements of the Regulations more generally.

- 7.3 Whilst authority is delegated to officers to set annual charges and fees, officers may determine that it is appropriate for the Executive to agree new and increased fees and charges

8. Monitoring Officer Comments:

- 8.1 Not Applicable

9. Other Considerations and Impacts

Environment and Climate Change

- 9.1 Effective decision making ensures that quality planning decisions are made, in the interests of sustainable development. The service offered will make it easier to deliver high quality development that in turn will have a positive impact upon the environment.

Equalities and Human Rights

- 9.2 All planning decisions must have due regard to the Equalities Act 2010 and the Human Rights Act 1998 and this duty would remain unchanged with the services offered.
- 9.3 A equality impact assessment has been carried out and found that there is no disproportionate impact on any groups with protected characteristics.
- 9.4 Under the Building (Local Authority Charges) Regulations 2010, building work which is solely for the provision of a disabled person is exempt from any charges. For reference, a “disabled person” means a person who has a disability within the meaning given by section 6 of the Equality Act 2010.

Risk Management

- 9.5 The main risk is associated with officer resource implications and challenges, as already explained in sections 5 and 7 above. If the staffing situation changes, then suspension of the entire service can be more damaging to the reputation of the Council and so any offer of service must have clear terms and conditions and eligibility criteria. For example, for charges on invalid planning applications it must be made clear when a fee would be waived. A blanket penalty fee for invalid applications also needs to take into account proportionality and flexibility of a local validation list request that can be open to interpretation.

Community Engagement

- 9.6 It is proposed that for the expanded fast-track planning service and for the charge for invalid applications a consultation exercise with planning agents is undertaken. This could be via an Agents Forum, next scheduled for early 2024.

Annexes

Annex A - Planning Services Fee Charges 2024/25 (includes charging schedules)

Background Papers

None