

## REQUEST FOR MAYORAL DECISION – MD1376

### Title: Planning Unit External Income Charges

#### Executive Summary:

The Planning Unit generates significant external income of approximately £500,000 per annum principally from one source that was introduced initially in 2007 called the formal *planning pre application charging scheme*. The income generated from this development related customer service currently funds the employment of 4.5 FTEs planners to provide the service. Operation of the service is cost neutral to the GLA. A review of the service in 2011 showed that additional income was required to fully recover the operational costs of providing this customer service. Accordingly, charges were increased to approximately £4,000 per service request (MD 717). A further recent review of the service this year has demonstrated that developer and professional agency demands on the service have increased. To meet this increased customer expectation and ensure cost neutrality to the Authority a further increase is required to recover the full costs of providing this growing service in order to ensure that the Planning Unit is appropriately resourced to maintain high standards of performance and to continue to service key work areas which include :-

- providing support for the Opportunity Area Planning Framework (OAPF) programme as part of the delivery mechanism of the Mayor's 2020 Vision;
- dealing with *called in* strategic applications, the number of which is likely to increase as a result of the property upturn; ;
- creating future Mayoral Development Corporations (MDCs) at Old Oak Common/Park Royal and other key strategic growth locations, where there will be a City Hall lead on the strategic planning and development of such areas.

The purpose of the review was two-fold:

- (i) Ensure full cost recovery of providing the planning service while maintaining a high reputation for excellent delivery to external customers;
- (ii) Assess the scope and range of fees and charging areas, including mechanisms such as Planning Performance Agreements, for specific new areas of work, notably called in applications by the Mayor.

#### Decision:

That the Mayor approves:

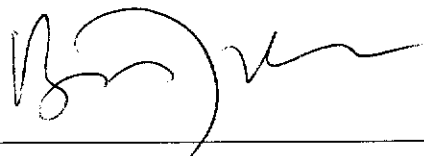
1. An increase in the Planning pre-application service charges from £4,000 for an initial meeting, to £5,000 with effect from August 2014. The charges for a follow up meeting will remain unchanged at £1,000; and
2. The recovery of costs, from the applicants, associated with expediting the processing and assessing of strategic planning applications, including entering into Planning Performance Agreements (PPAs) with developers, as appropriate.

#### Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

18.7.2014

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1 The current pre application service was introduced in November 2007. The previous Mayor agreed to its establishment via a Mayoral Approval Form, MA2965 on 28 March 2007. The Business Management and Appointments Committee approved the posts associated with the introduction of the service on 27 March 2007.
- 1.2 The total annual staff costs of running the current service with 4.5 FTEs (based on the mid-point of the salary range and 25% on-costs) is £238,000. In addition to staff costs there are costs of servicing the meetings and costs of travel for site visits, which are estimated to be £5,000.
- 1.3 In 2012 the GLA received 132 requests for initial pre application meetings and had 72 follow up meetings. This figure has increased year on year since 2009 and the total amount of pre application meetings for 2013 was 135 initial meetings and 32 follow up meetings, providing a total external income of £572,000.
- 1.4 There has been a relative increase in planning applications that the Mayor has *called in* over the last year as delivery of homes and jobs has been prioritised as part of the Mayor's 2020 Vision. In addition the Mayor has also received requests to *call in* applications before they are determined by the local planning authority, which requires much more intensive, high risk assessment and technical work.

#### **Opportunity Areas – OAPF Work**

- 1.5 The Mayor's 2020 Vision, London Plan (2011) and Housing Strategy (draft 2013) recognise the vital importance of the identified 33 Opportunity Areas across the capital to deliver much needed growth, homes and jobs for a rapidly growing world city. The number of Opportunity Area Planning Frameworks (OAPFs) being produced over the last year has increased significantly with six in full production and another wave about to follow. The role of the OAPFs has also been given a higher profile within the GLA and with London Boroughs and partners as they are seen as being key instruments to unlocking new housing opportunities and jobs delivery. Experience with the Vauxhall, Nine Elms, Battersea Opportunity Area Planning Framework (VNEB OAPF), City Fringe OAPF, White City OAPF and the Croydon OAPF has indicated that after OAPFs are published an intense period of pre-application planning and development activity occurs. In effect the OAPF forms the basis of pre application advice.
- 1.6 Therefore it is proposed that income from pre application charging is used to contribute to the preparation of OAPFs. The amount allocated to this will vary from year to year but should be at the discretion of the Assistant Director (Planning), subject to maintaining a level of contingency.

#### **Other costs and service demand areas of Planning**

- 1.7 The Environment Unit currently receive, through a virement from the Planning Unit, £20,000 for providing pre-application and application advice. They have requested additional payments for the cost of providing energy advice and also for providing additional advice on noise issues in relation to called in applications. As the number of call in applications has increased over the last year contributions may need to increase further and these should also be at the discretion of the Assistant Director Planning subject to maintaining a level of contingency.
- 1.8 The Planning Decisions Database (PDD) has now gone *live* but could be significantly improved with additional GIS and reporting capabilities. Budget allocated to this should be at the discretion of the Assistant Director - Planning, subject to maintaining a level of contingency.

- 1.9 In order to support the OAPF process, project teams and the general planning process there is a need to provide and update IT software and hardware. Budget allocated to this should be at the discretion of the Assistant Director – Planning, subject to maintaining a level of contingency.
- 1.10 The existing Planning Unit staff training budget is very small and insufficient to meet the growing professional business needs of planning and administration staff that provide the pre application service. Budget allocated to this should be at the discretion of the Assistant Director – Planning, subject to maintaining a level of contingency.
- 1.11 Taking all these factors into account there is a need to increase the charges for the pre application service to maintain the service, meet growing customer demands and in order to ensure the GLA Planning Unit has the resources and training to be able to continue to provide a high quality and timely service.

### **Pre Application Charging and Planning Performance Agreements**

- 1.12 Due to the pressures on local authority budgets in London there have been a number of increases in pre application charging in order to support local planning advice services. In addition, boroughs also enter into *Planning Performance Agreements (PPAs)* with applicants/developers to deliver both planning pre application and formal application advice and outcomes. In this context the GLA's proposed charge level of £5,000 for an initial meeting and £1,000 for follow up meetings is comparable to borough pre application charges. Westminster City Council charges for its strategic planning application service with PPAs and has funded some 6 FTE planning staff with the income generated.
- 1.13 In instances where the Mayor recovers strategic planning applications he should be able to recover reasonable costs from the developer in order to expedite the processing of those applications. This would include the costs of specialist technical studies (for instance daylight/sunlight and acoustic and other environmental reports) and for the backfilling of staff posts as necessary. This would be agreed on a case by case basis with developers.
- 1.14 The Mayor is therefore requested to agree the introduction of increases to the existing pre application charges and the use of PPAs, for the reasons set out above.

### **Mayoral Development Corporations (MDCs) – new Strategic Planning roles**

- 1.15 Whilst a separate budget item in the wider Planning Unit budget review for 2014-15, there will be growing expectations, both corporately and politically, for the establishment of further MDCs at strategic growth locations, in particular Old Oak Common/Park Royal and possibly other places such as Tottenham and Crystal Palace. Such MDCs will almost certainly include significant new planning powers and roles and will be primarily led from City Hall, tapping into existing staff resources and expertise within the GLA core Planning Unit.
- 1.16 The Planning Unit is already leading on the creation of a second MDC at Old Oak Common/Park Royal and this is expected to be established within 12 months, subject to separate Mayoral Decisions and statutory processes. The key GLA leads on this project to date have come from the GLA Planning Unit as they possess the experience, expertise, knowledge and capability to drive the strategic project forward. Inevitably such staff are likely to be prime candidates to move into the new MDC planning posts that may emerge in 2014 and beyond. This would further impact on the core GLA Planning team which needs to be maintained through a further period of change and pressure on key individuals.

## **2. Objectives and expected outcomes**

- 2.1 The principle objective is to maintain an effective high quality strategic planning service at a time of pressure on resources and growing external and corporate demands, by ensuring that there are sufficient resources to deal with pre application and applications, including *call ins* by the Mayor.
- 2.2 The expected outcomes would be:
  - (i) an enhanced ability to deal with increasing workloads particularly the pre application service and bring it into line with similar services provided by the boroughs;

## **3. Equality comments**

The public sector equality duty requires the identification and evaluation of the likely potential impacts, both positive and negative, of the decision on those with protected characteristics (age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, sexual orientation). In this instance the change to the levels of pre application charging should have no impacts on those with protected characteristics.

## **4. Other considerations**

- 4.1 Links to strategies and Strategic Plan. The Mayor's comments and decisions on referable planning applications is a key implementation tool of the London Plan. The pre application advice service helps to ensure that subsequent applications deliver London Plan objectives.
- 4.2 Impact Assessment and consultation. There is no requirement to consult on the proposed increase in charging.
- 4.3 Risk. There is a risk that some developers will be deterred from requesting pre application advice because of the increased charge. This could result in poor quality applications and a lower income than predicated. There is no evidence that this occurred when the charging service was originally introduced. Even in the worst part of the recession during 2009 the income covered costs. However regular monitoring of fee income will be necessary to ensure that the costs of providing the service are covered and that income is spent within the scope of the provisions of the Local Government Act.

## **5. Financial comments**

- 5.1 Approval is being sought to increase the Planning pre application service charges from £4,000 for an initial meeting to £5,000, with effect from August 2014. The charges for a follow up meeting will remain unchanged at £1,000. This request follows a review by the Planning Unit indicating that further income is required to ensure full cost recovery for provision of the service, meet growing customer demands and in order to ensure that the GLA Planning Unit is able to continue to provide a high quality and timely service which is responsive to customer needs.
- 5.2 Further approval is being sought to enter into Planning Performance Agreements with developers, as appropriate for applications called in by the Mayor. This is to allow for recovery of costs associated with expediting the processing and assessing of these applications. The fees charged would include the costs of specialist technical studies and for the backfilling of staff posts as necessary. The value of these Planning Performance Agreements will be determined on a case by case basis.
- 5.3 Under the Local Government Act 2003 ("Act") income derived from charging fees cannot exceed the cost of providing the service and a profit cannot be made to cover other services. However guidance published alongside the Act (General Power for Best Value Authorities to Charge for Discretionary Services- Guidance on the Power in the Local Government Act 2003 recognises that estimating costs and incomes can be difficult and therefore the Act allows for the budget to be balanced over a period of time (Section 93(3) of the Act refers to taking one year with another for this purpose). The Act does not prescribe how long this period of time should be. It is therefore proposed that the

contingency fund established under MD717 is maintained to cover periods when income is less than expenditure.

- 5.4 The Planning Unit within the Development Enterprise and Environment Directorate will be monitoring fee income to ensure the costs of providing the service are covered and the income spent within the provisions of the Act.

## **6. Legal comments**

- 6.1 The above paragraphs indicate that the decision requested of the Mayor falls within his statutory powers under section 30 of the Greater London Authority Act 1999 (as amended) ("the GLA Act"), acting on behalf of the Authority, to do anything he considers will promote the improvement of the environment in Greater London; and in formulating the proposals in respect of which a decision is sought officers have complied with the Authority's related statutory duties to:
- (a) pay due regard to the principle that there should be equality of opportunity for all people;
  - (b) consider how the proposals will affect:
    - i. the health of persons in greater London;
    - ii. the health inequalities between persons living in Greater London;
    - iii. the achievement of sustainable development in the United Kingdom;
    - iv. climate change, and the consequences of climate change; and
  - (c) consult with appropriate bodies.
- 6.2 The Mayor has a statutory role as strategic planning decision maker as part of the GLA Act and the Town and Country Planning (Mayor of London) Order 2008. Planning Policy Statement 1: Delivering Sustainable Development sets out that pre-application discussions are critically important and beneficial for both developers and planning authorities in ensuring a better mutual understanding of objectives and constraints that exist and can help to improve the environment in London.
- 6.3 The Authority also has a subsidiary power pursuant to Section 34 of the GLA Act to do anything which is calculated to facilitate, or is conducive or incidental to the exercise of any of the statutory functions of the Authority. The pre-application meetings are a facilitative way to exercise the section 30 powers defined above and as such also fall within section 34 of the GLA Act .
- 6.4 Section 93 of the Act provides the Authority with the power to charge for discretionary services. Discretionary services are those services that the Authority has the power, but is not obliged, to provide. The provision of planning advice services is discretionary.
- 6.5 The power to charge is subject to a duty to secure that the income from charges throughout the Authority does not exceed the costs of provision of any service it provides, taking one financial year with another. Providing the cost increase is based on actual perceived costs of providing this service i.e. salary costs and reasonable estimated/actual on costs, this is lawful. The ability to take one financial year with another allows for the establishment of a contingency. For the purposes of the power to charge for discretionary services, the prohibition on raising money at section 34(2) of the GLA Act is to be disregarded.

## **5 Investment & Performance Board**

This decision is not being considered at the IPB as it involves no cost to the core GLA budget.

## 7. Planned delivery approach and next steps

*Set out how the project will be delivered and complete the outline timetable*

Activity	Timeline
Procurement of contract [for externally delivered projects]	NA
Announcement [if applicable]	NA
Delivery Start Date [for project proposals]	01/08/2014
Final evaluation start and finish (self/external):	On going monitoring
Delivery End Date [for project proposals]	NA
Project Closure: [for project proposals]	NA

### Appendices and supporting papers:

1. Pre application income

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

**Part 1 Deferral:**

**Is the publication of Part 1 of this approval to be deferred? NO**

If YES, for what reason:

Until what date: (a date is required if deferring)

**Part 2 Confidentiality:** Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form – NO**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to  
confirm the  
following (✓)

**Drafting officer:**

**Colin Wilson** has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

**Assistant Director/Head of Service:**

**Stewart Murray** has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

**Sponsoring Director:**

**Fiona Fletcher Smith** has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

**Mayoral Adviser:**

**Sir Edward Lister** has been consulted about the proposal and agrees the recommendations.

✓

**Advice:**

The Finance and Legal teams have commented on this proposal.

✓

**EXECUTIVE DIRECTOR, RESOURCES:**

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

**Signature**

*M. D. Ellis*

**Date**

*15.7.14*

**CHIEF OF STAFF:**

I am satisfied that this is an appropriate request to be submitted to the Mayor

**Signature**

*Approved by Sir Edward Lister  
by email on 16.7.14*

**Date**

*16.7.14*

