

# Report

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Report to: **Risk and Audit Scrutiny Forum**  
Date of Meeting: **23 February 2012**  
Report by: **Executive Director (Community and Enterprise Resources)**

Subject: **Audit Scotland: The Planning System**

## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ Advise the Forum of the publication of a report by Audit Scotland (Modernising the Planning System) and of the actions that have and can be taken by the Planning and Building Standards Service to address the recommendations in the report.

## 2. Recommendation(s)

2.1. The Forum is asked to approve the following recommendation(s):-

- (1) that the publication of the Audit Scotland report be noted.
- (2) that the actions to be taken by Planning and Building Standards Services in response to the report be noted.

## 3. Background

3.1. The Planning etc. (Scotland) Act 2006 started a modernisation programme to change the way the planning system works and the way that everyone involved in planning engages with it. Modernisation aimed to make the system more efficient and effective, more encouraging and enabling of development and easier to understand.

3.2. The reforms introduced by the Act have largely been implemented and been operating for two years. Audit Scotland were therefore asked to evaluate the overall progress made by the main public bodies, including Local Authorities, in modernising the planning system. Whilst the overall aim of the modernising agenda was to change the way in which both the public and the private sector engage with the planning system, a similar exercise to assess the response from developers, applicants and agents has not been undertaken.

## 4. Audit Report

4.1. The audit report is divided into 4 parts:

- ◆ Setting the scene
- ◆ Progress in modernising the planning system
- ◆ Assessing performance, and
- ◆ Financing the planning system

These are dealt with in turn in the following sections.

#### 4.2 **Setting the Scene**

The first section highlights that by modernising the planning system the Scottish Government sought to make it:

- ◆ More efficient and effective
- ◆ More encouraging and enabling of development
- ◆ Easier to understand
- ◆ More inclusive of communities

#### 4.3 A number of changes were, therefore, introduced nationally to both the Development Plan System and the Development Management system. These included:-

- ◆ Requiring the preparation four new strategic plans and 34 new development plans
- ◆ Making the production of these plans mandatory
- ◆ Requiring that they be updated every five years
- ◆ Requiring developers to undertake Pre-Application Consultation (PAC) for major developments
- ◆ Transferring responsibility for neighbour notification to planning authorities
- ◆ Introducing specific powers for planning authorities to delegate more decisions to officers
- ◆ Removing the appeals process for delegated applications from the Reporters Unit and transferring this role to local authorities, in the form of Local Review Bodies.

#### 4.4 **Progress in Modernising the Planning System**

When assessing the progress made, Audit Scotland concludes that the Scottish Government did have a clear vision of how the changes should work, funded associated training and supported planning authorities through the change period. However, it did not establish a framework to evaluate whether modernisation was achieving its aims and if it was contributing to sustainable economic growth.

#### 4.5 The report notes that modernisation was not only meant to make the system more efficient but also to provide some opportunities for savings. It emphasises, however, that the 2006 Act introduced additional costs for planning authorities, in particular through the need for them to undertake neighbour notification and operate the appeal process for delegated applications, via the PLRB process. Similarly, the key agencies (Historic Scotland, SEPA, SNH, Transport Scotland) have become less involved in providing detailed assessments of applications. This has placed more demands on the Council's Planning Service when it comes to assessing some of the more complex applications.

#### 4.6 The modernisation of the system also placed an emphasis on the potential benefits to be derived from the use of IT. In 2009, a national web-based system, allowing the submission of planning applications on line was introduced. This was not part of the modernisation programme specifically but was introduced at the same time. The use of ePlanning has greatly surpassed Scottish Government targets with 27% of planning applications in Scotland being submitted online in 2010/2011, which is significantly higher than their target of 6%. South Lanarkshire Council's figure is 22%. Achieving this target has involved investment of both time and money, not only in the systems required to establish an effective e-planning system, but also in reviewing and changing how our business operates.

#### 4.7 **Assessing Performance:**

The report notes that, despite falling numbers of applications, few councils are performing well against timescales set for processing planning applications. However, whilst expectations for the time taken to process applications are not being met, users are generally satisfied with the planning system. The Council's own evidence from its customer surveys in 2010/2011 confirms that over 90% of the agents responding considered the planning service to be good or excellent and 75% of applicants/objectors who responded considered the service to be excellent or good.

4.8 Whilst performance varies across the different councils the report concludes that the impact of modernisation on the time taken to make planning decisions is not yet known. Some councils have reviewed their structures and business processes and planning officers and managers have been involved in preparing for the modernisation changes. This has reduced the time available to deal with applications. In South Lanarkshire Council (SLC), the Planning and Building Standards Service, in parallel with the modernisation process, introduced an Electronic Data and Record Management System placing further demands on the operation of the Development Management system for both case officers, managers and Support Services. In addition, the Service, in association with Support Services, has undertaken two 'Lean Reviews' over the past two years to ensure that the processing of applications is as efficient and effective as possible.

4.9 The report particularly highlights that Planning authorities have identified a number of factors that have added to the time and resources needed to assess applications:-

- ◆ Poor quality applications and missing information
- ◆ Incomplete or invalid applications being submitted with information coming forward on a piecemeal basis
- ◆ Non payment of advertisement fees
- ◆ High numbers of objections to be considered
- ◆ Planning committee meeting cycles
- ◆ Consultation responses taking longer than expected to be returned
- ◆ Negotiations on legal agreements taking many months
- ◆ The increasing complexity of the process

4.10 The level of reductions in staff numbers is also highlighted with a total of 177 planning staff leaving planning authorities between July 2008 and July 2010, 75% of whom were professional planners. The level of staff reduction differs across councils with 2% of planning staff leaving West Lothian Council as opposed to 29% of staff leaving Dumfries and Galloway (SLC's figure is 20% as at end of March 2011). The report notes that councils and other stakeholders are concerned that the decreasing numbers of planners, and the resulting loss of a substantial amount of knowledge and experience accumulated by officers who have left, will have a negative effect on the performance of the planning system.

4.11 The report concludes that, although time taken to make a decision on an application is important to users, it offers a very narrow assessment of performance. In particular, it does not consider the complexities of proposed developments, including work involved with the community and objectors, specific assessments that need to be carried out and the nature and scale of some developments.

#### 4.12 **Financing the Planning System**

The report concludes that the funding model for processing planning applications is becoming unsustainable particularly as the gap between income and expenditure is continuing to widen, putting pressure on already constrained council budgets.

4.13 The report identifies that over the six years to 2009/2010, the gap between income and expenditure, related to application fees, has increased in real terms from £6.7m to £20.8m. In 2009/2010, income from planning fees contributed only 50% of the cost of processing applications. This compared to 81% in 2004/05. The planning system, however, also places a statutory obligation on local authorities to prepare Local and Strategic Development plans and undertake the monitoring and enforcement of developments. Similarly, the Planning Service is involved in dealing with providing advice and information, enforcement in respect of unauthorised development, Ombudsman investigations, listed building permissions and conservation area consents. The costs incurred in carrying out this work have not been factored into these calculations. Furthermore, it is important to note that the Scottish Government's view is that planning fees are to fund the Development Management function only.

4.14 With regard solely to planning applications, on the cost side, over the six years to 2009/2010, total spend on processing planning applications increased from £31.4m to £41.5m – a 17% real terms rise. Although the audit report states that the reasons for this increase are unclear, SLC's experience is that it can be attributed to the following:

- The increased complexity of applications as a result, in part, of recent environmental legislation. This includes the need for detailed assessments of transportation, retail, flooding, SUDS, landscape, noise and contamination issues. There is also a requirement for case officers to be more directly involved in the consideration and assessment of the issues raised by some of the more important consultees, including SNH, SEPA, and Historic Scotland, as a result of them adopting a less interventionist approach to the application process.
- The increase in work as a result of the new planning legislation and the transfer of various responsibilities to the Council as opposed to the applicant or the Scottish Government.
- The increase in public awareness of planning and the increased community engagement in the application process. This can generate tension or conflict with the community arising from the gap that exists between their expectation of what that the planning system can do to provide an immediate means of tackling and resolving their issues, and the actual powers available to the Authority. The management of these tensions can be time consuming and demanding and can often involve a political dimension.

4.15 Recent changes in the legislation have also introduced more activities to the application processes such as neighbour notification, which the fee levels were not adjusted to take account of. Other new development management activities such as local review bodies and pre-application work with developers and key agencies are currently not covered by the fee but continue to represent a cost to councils.

- 4.16 While the report concludes that there are difficulties in setting realistic planning fees due to a lack of information about processing costs and the need, in particular, to accurately record staff time, it also points out that planning fees in Scotland differ significantly from those charged across the rest of the UK. In particular, the maximum fees for major applications are much lower in Scotland - £15,950 – than in England, Wales and Northern Ireland where the maximum fee is £250,000.
- 4.17 Conclusions arrived at in the Audit Scotland report emphasise the existing and growing gap between the cost of operating the statutory planning application process and the fees received and reflect the results of the recent work undertaken by the Council's own Planning and Building Standards Service to evaluate the cost of the Development Management process. This work is detailed in the enclosed appendix 1 and takes advantage of the information that the Service gathers on staff time spent on applications. It can be seen from the results of this work that, for SLC, there is a significant deficit between the planning application fee paid and the costs associated with processing the application. The Service is using this information in close consultation with Scottish Government offices who are reviewing the fee levels and structure.

## **5 Conclusions and Actions**

- 5.1 The report concludes by making a number of recommendations. These cover actions for both the Scottish Government and for local authorities. In terms of local authorities' actions, it is considered that Planning and Building Standards Services has already gone some way in implementing these recommendations as set out below:-

<b><u>Audit Scotland's Recommendations</u></b>	<b><u>South Lanarkshire Council Actions</u></b>
<ul style="list-style-type: none"> <li>• Reviewing schemes of delegation to ensure decision making is as efficient as possible.</li> </ul>	<ul style="list-style-type: none"> <li>• The scheme of delegation for planning applications was reviewed early in 2011 and is continuing to be monitored in order to ensure that it properly reflects the balance between the need to progress Council business but ensure transparency in our decision making. In preparation for the forthcoming elections, the scheme of delegation will be reviewed again.</li> </ul>
<ul style="list-style-type: none"> <li>• Working with the Scottish Government to monitor use of ePlanning and quantify efficiency savings.</li> </ul>	<ul style="list-style-type: none"> <li>• The Council has been vigorously pursuing the opportunities afforded by e-planning and monitors the way in which the ePlanning services provided are used by customers. This is work that has been done at a cost to the Council. Further work will be done to identify the most effective way of identifying and monitoring associated efficiency savings.</li> </ul>

<b><u>Audit Scotland's Recommendations</u></b>	<b><u>South Lanarkshire Council Actions</u></b>
<ul style="list-style-type: none"> <li>Ensuring processes are in place to enable and support better and more creative engagement with community councils and the wider community.</li> </ul>	<ul style="list-style-type: none"> <li>The Council already employs a range of tools to engage with the Community, including Liaison Meetings (including mineral/waste operators, residents and SEPA), customer forums, regular customer satisfaction surveys, e-consultation and monitoring of web usage. Development plan consultation exercises have included events to engage with the public as well as making use of the web and other methods of gauging opinion. Further work will be done to identify additional methods of consultation and engagement at earlier stages in the planning process.</li> </ul>
<ul style="list-style-type: none"> <li>Ensuring a project planning approach is used for managing major applications and agree key milestones with applicants and key stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>The processing of major planning applications is regularly reviewed at 1-2-1 meetings with case officers, team leaders and Area Managers, and monitoring sheets are maintained charting the progress of these applications through the system in order to identify any bottlenecks. The potential for introducing additional project reporting frameworks will be evaluated.</li> </ul>
<ul style="list-style-type: none"> <li>Continuing to work together and with the Scottish Government to develop a new comprehensive performance measurement framework.</li> </ul>	<ul style="list-style-type: none"> <li>The Service has engaged with the Scottish Government to take forward work on developing a new comprehensive performance measurement framework.</li> </ul>
<ul style="list-style-type: none"> <li>Collecting, monitoring and reporting data on the cost of development planning and development management to help inform the setting of planning fees.</li> </ul>	<ul style="list-style-type: none"> <li>This work is already being done and will continue to develop and refine the process for measuring the costs of processing applications.</li> </ul>

5.2. From a Planning and Building Standards Service perspective, the key conclusions that can be drawn are:-

- ◆ The Service has implemented the new planning system successfully through the commitment of staff (including Support Services and Finance and Corporate Resources) without any additional funding.
- ◆ The Service will continue to explore ways to improve service delivery in an efficient and effective manner.

- ◆ Budget considerations are likely to further reduce the number of professional staff, which will have an impact on fulfilling the Council's statutory duties.

## **6. Employee Implications**

- 6.1 Further work on developing and improving the application system will require additional work by professional and support staff. This, however, will have to be met within existing resources.

## **7. Financial Implications**

- 7.1 If the currently unsustainable funding model for planning fees is not altered then there will be a continued pressure on Council Budgets and the performance of the statutory planning process.

## **8. Other Implications**

- 8.1 There is a reputational risk to the Council if it fails to deliver its statutory planning functions.
- 8.2 The achievement of sustainable development is a key purpose of the planning system enshrined in legislation and national planning guidance, however, there are no specific sustainable development issues arising from Audit Scotland's report.

## **9. Equality Impact Assessment and Consultation Arrangements**

- 9.1 This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and therefore, no impact assessment is required.
- 9.2 There was no requirement to consult in relation to the proposals within this report.

**Colin McDowall**

**Executive Director (Community and Enterprise Resources)**

**3 February 2012**

### **Link(s) to Council Objectives/Improvement Themes/Values**

- Governance and accountability
- Performance management & improvement
- Efficient & effective use of resources

### **Previous References**

None

### **List of Background Papers**

- Modernising the Planning System – Audit Scotland

### **Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:-

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### **Details of the audit on Planning Applications within SLC**

In order to establish how much it costs to process planning applications in South Lanarkshire a range of applications have been 'audited' in terms of the time spent on them by Council officers. This work was carried out prior to the Audit Commission's report being published.

In order to ensure that any figures obtained reflected costs associated with a range of different application types the following applications were selected:

- A householder application which was withdrawn (to allow revisions to be made to the scheme) HM/09/0639
- A subsequent householder application in relation to the above site which proved to be contentious (approved) HM/10/0391
- A residential development of 64 units (including a LBC application) (approved) HM/10/223 & 0211
- A retail proposal (compliant with local plan policy) (approved) – HM/09/0579
- A change of use application for a re-cycling yard (refused) – HM/08/0669
- An extension to an opencast coal site (approved) – CL/11/0022

Details of all of the above applications are contained in the table below.

The costs calculated for each of the applications covers all of the staff time (both professional and non professional), with hourly rates being used commensurate with their grading level. The hourly rates also generally take account of any on costs and accommodation costs associated with these officers.

It can be seen from the above that, irrespective of the application type, i.e. householder or major application, there is a deficit between the planning application fee paid and the costs associated with processing the application.

The applications selected for auditing are in no way unique and the processing of very complex, major applications will undoubtedly result in a much larger differential between fee and actual costs.

On the basis of the audit carried out, it is clear that Local Authorities are subsidising the work associated with the processing of planning applications and there is, therefore, a need for the Scottish Government to raise fees to an appropriate level. This level would need to be more significant than previous increases which have not been more than 10%.

Through the Service's participation in the Heads of Planning Group, the Scottish Government have asked SLC to share the findings of their application audit with them and assist in the work being undertaken to establish a new fee structure.



**SOUTH LANARKSHIRE COUNCIL**  
**PLANNING APPLICATION AUDITS OF STAFF TIME & ASSOCIATED COSTS**

<b>Application Description</b>	<b>Application Type</b>	<b>Fee Paid</b>	<b>Staff Costs</b>	<b>Credit/Deficit</b>	<b>Comments</b>
Erection of attached garage and erection of two storey extension to side and rear of dwelling	Householder	£160	£182.93	-£21.93	Minor, non contentious application with no objections which was a delegated decision.
Erection of Two storey side extension	Householder	£145	£655.40	- £510.40	Application for 2 story extension which was acceptable in planning terms. Scottish Water issue with location of main in relation to proposed extension and 14 objections received from neighbours about issue. Application withdrawn to allow amended scheme to avoid the water main.
Erection of Two Storey Side (amendment to above application)	Householder	£0 (revised submission)	£1,403.83	-£1,403.83	Amended application relative to the above. Application subject to 16 objections and Local Member involvement and was reported to the Planning Committee for approval. Total cost of processing original application which was withdrawn and the subsequent application (which did not require a fee as it was a resubmission within 12 months of submitting the previous application) amounts to £2,059.23. The total fee submitted for both applications was £145 which means a deficit of £1,914.23.

<b>Application Description</b>	<b>Application Type</b>	<b>Fee Paid</b>	<b>Staff Costs</b>	<b>Credit/Deficit</b>	<b>Comments</b>
Use of Land as recycling yard (Retrospective)	Mineral Application	£1,290	£2,878.69	-£1,588.69	Retrospective planning application subject to 8 objections and was a delegated refusal on the basis of lack of information submitted to meet environmental considerations. Costs given do not include extensive enforcement costs required prior to the application being submitted and monitoring after the application was approved.
Residential Development (64 units)/Refurbishment of Listed Building (2 Units), associated car parking and landscaping (Sheltered Accommodation)	Major application	£16,050	£13,150.57 to date (potentially £19,000 in total when works are completed)	Potentially - £3,000	Sheltered Housing proposals for 64 units and refurbishment of a listed building on the site. Neither application raised any policy concerns as most issues had been resolved through earlier applications which were withdrawn. The applications were subject to 6 objections and were determined by the Planning Committee. Total costs do not include the costs of the Planning Enforcement and Monitoring Officers time in relation to monitoring and compliance with conditions. Due to the nature of this site and the inclusion of a listed building within the site these costs have been around £2,000 to date since the audit was undertaken. The site has only just commenced construction and therefore this figure is likely to at least treble during the period to completion. The total costs for the overall processing of the application are likely to be in the

					region of almost £19,000 (nearly £3,000 more than the application fee paid).
<b>Application Description</b>	<b>Application Type</b>	<b>Fee Paid</b>	<b>Staff Costs</b>	<b>Credit/Deficit</b>	<b>Comments</b>
Erection of Class 1 Foodstore and Formation of Car Park and Associated Access	Major application	£13,050	£18,323.19	£5,273.19	Application for a foodstore on a site identified in the adopted local plan. No major issues and 17 representations received. Application determined at Planning Committee. No work yet carried out in relation to Section 75 as applicants have not progressed matters since the Planning Committee decision.
Variation of conditions to Opencast Coal Site consent to extend operational period by 10 months	Major application	£160	£4,209.30	£4,049.30	Application subject to only 1 representation and did not raise any major planning issues. Application was granted consent at Planning Committee. Costs include time spent in relation to the alteration of legal agreements.

Notes:

1. The above audits only cover professional and administration staff time taken to process applications.
2. The hourly rates used to calculate the costs included 'on costs' and an element of accommodation costs and are rates routinely used for the purposes of such calculations
3. The hourly rates used specifically relate to the grade of the officer or member of staff who carried out a task in association with the processing of the application.
4. The audits do NOT include costs associated with the following:
  - Vehicles/fuel in connection with site visits
  - IT and other equipment used by staff during the processing of planning applications
  - Stationary and postage costs
5. The applications were chosen as they reflected a range of different application types but were broadly 'routine' in nature and were not contentious or 'exceptional' in any way. The time constraints associated with auditing more complex applications was prohibitive.

