

REPORT TO: CITY DEVELOPMENT COMMITTEE – 23 JANUARY 2017

REPORT ON: CONSULTATION ON CHANGES TO PLANNING AND BUILDING WARRANT APPLICATION FEES

REPORT BY: EXECUTIVE DIRECTOR OF CITY DEVELOPMENT

REPORT NO: 14-2017

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to inform Committee that the Scottish Government is consulting on proposals to raise fees for Planning and Building Warrant Applications and to seek approval of the Council's response.

2 RECOMMENDATION

- 2.1 It is recommended that the Committee approves the responses on the Scottish Government's consultation on the raising of fees for planning applications and building warrants as set out in Appendix 1 and Appendix 2 to this report.

3 FINANCIAL IMPLICATIONS

- 3.1 There are no financial implications for the Council in terms of this report. However, there will be an increase in the income as a result of the changes to fees for both Planning and Building Warrant Applications if the proposals in the consultation documents are implemented.

4 BACKGROUND

- 4.1 The Council receives fees to determine Planning Applications and Building Warrant Applications. These fees are set by Scottish Government and vary depending on the size and type of development proposed.

Planning Application Fees

- 4.2 The Scottish Government published a Consultation Paper in December 2016 on Raising Planning Fees. Views are sought on the proposed changes by the 27 February 2016.
- 4.3 The Paper states that the Scottish Government recognises the importance of planning in supporting economic growth, in the delivery of quality homes and in community empowerment. A commitment was given to consulting on enhanced fees, following the Independent Review of Planning recommendation that fees for major applications should be increased substantially so that the service moves towards full cost recovery.
- 4.4 At present the maximum fee for any planning application in Scotland is £20,055 (except for minerals and fish farming). In England the maximum fee is £250,000. During 2016, only 8 planning applications received by Dundee City Council that were of a scale where the current maximum fee was paid.
- 4.5 The consultation paper seeks views on a new fee maximum of £125,000 for major applications for most categories of development (£62,500 for applications for planning permission in principle). It also includes details of a reduced charge per unit or per 0.1 hectare for developments over a certain size to ensure that applicants in Scotland do not pay more than they would in other parts of the UK for any size of proposed development. The proposed changes retain the current fee structure and do not contain any across the board increase. The paper advises that the Scottish Government will be considering wider changes to the fee structure, including scope for further discretionary charging taking account of changes to the planning system flowing from the Review.
- 4.6 Following consultation on the Review of Planning, Scottish Ministers will reflect on the need for further changes to resourcing the planning system and will consider, together with the

High Level Group on Planning, how the link between fees and performance can be maintained and strengthened.

- 4.7 The changes proposed in the consultation paper to the raising of fees to cover the costs of dealing with major applications are welcomed. The Scottish Government's recognition that planning authorities need to be adequately resourced to support performance improvement is also welcomed. The Council's formal response to the consultation is set out in Appendix 1.

Building Warrant Fees

- 4.8 The Scottish Government published a consultation paper on "Building Standards Fees" in November 2016. A shorter consultation period of 8 weeks was set instead of the normal 12 weeks in order to meet an introductory date of 1 April 2017. Responses to the consultation are required by 9 January 2017.
- 4.9 The Consultation Paper acknowledged that there has been no increase in Building Warrant fees since the introduction of the present system in 2005. Moreover there have been significant changes impacting on the process of building warrant verification since the fee structure was last altered. The paper sought views on increasing Building Warrant and other associated fees to make the Building Standards system achieve full cost recovery and place it on a sustainable footing for the future.
- 4.10 The Scottish Government is committed to ensuring that Building Standards is adequately funded to deliver a system that is accessible, affordable and which provides a high quality service to those who use it. The proposals set out in the consultation paper would increase income from Building Warrant and associated fees paid by users of the Building Standards system, providing additional resources for local authority verification services to encourage recruitment and retention of professional staff and to support service and performance improvement.
- 4.11 In addition, the Scottish Government proposed that a proportion of the income secured from increased building warrant fees should cover the costs of the Building Standards Division (BSD) of Scottish Government. The BSD supports the building standards system and is responsible for drafting legislation, technical and procedural guidance and helps local authorities make decision in particular cases.
- 4.12 The proposed changes to the Building Standard fees, as set out in the consultation paper, are in general welcomed. Detailed comments are set out in Appendix 2 to this report.

5 POLICY IMPLICATIONS

- 5.1 This Report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

6 CONSULTATIONS

- 6.1 The Chief Executive, the Executive Director of Corporate Services and Head of Democratic and Legal Services have been consulted and are in agreement with the contents of this report.

7 BACKGROUND PAPERS

- 7.1 None

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Executive Director of City Development

Gregor Hamilton
Head of Planning and Economic Development

APPENDIX 1

PLANNING APPLICATION FEES

PROPOSED RESPONSE OF DUNDEE CITY COUNCIL TO SCOTTISH GOVERNMENT CONSULTATION ON RAISING PLANNING FEES

PLANNING APPLICATION FEES

Question

We propose a 2 stage approach to reviewing planning fees, with an initial increase to the fee maximum for these categories of development, followed by a wider review of the fee structure once the current planning reform programme has identified changes to the planning system. As a first stage, do you agree with the proposed maximum fee level?

Response

The proposal in the consultation paper to increase the maximum fee for major development is a positive move in recognising and recovering the costs of processing major planning applications.

The maximum fee of £125,000 for major applications and the lower level of £62, 500 for planning permission in principle are at a level that will better reflect the costs of processing major applications.

The reduced charge per unit or per hectare approach is appropriate and addresses potential concerns regarding any disadvantage of higher costs in Scotland compared to the other administrative areas of the United Kingdom. The suggested level of increase per unit or hectare is considered to be proportionate.

The overall approach proposed for this first stage review of the fees for planning applications is welcomed. The levels of fee proposed and the reduced cost approach provides an appropriate balance for different scales of major development.

This initial review is welcome but will not on its own address the issues of moving towards full recovery costs for processing planning applications. The number of major applications received annually within Dundee is relatively small. For 2016, 8 major applications were received. Whilst this would certainly increase the income received it would only contribute to the costs in relation to the small number of major applications.

The consultation paper makes reference to a Stage 2 approach to reviewing planning fees. This would include an initial increase to the fee maximum for other categories of development, followed by a wider review of the fee structure. This proposed review is welcomed and will provide for a more comprehensive consideration of the relationship of planning applications fees to the costs of processing applications for all categories of development.

APPENDIX 2

BUILDING WARRANT FEES

RESPONSE OF DUNDEE CITY COUNCIL TO SCOTTISH GOVERNMENT CONSULTATION ON BUILDING WARRANT FEES

CONSULTATION QUESTIONS AND RESPONSES

Questions

1 Should building warrant and associated fees be increased to make the Scottish Building Standards system achieve full cost recovery?

The proposed fee increase is welcome in principle. However, the Government should also take cognisance of any future downturn in the economy where some Local Authorities may struggle to cover the cost of delivering the service from building warrant fees alone. In some cases where there are low levels of development activity Councils may have to subsidise these costs.

Further research into the full cost of delivering the service needs to be carried out. The current measurement (KPO6 - Financial Governance) is too simplistic as does not take account of all aspects of the service e.g. training, IT, office accommodation etc. This must be considered if full cost recovery is to be achieved.

2 Should fees for building warrant applications (minimum fixed fee and incremental steps) and fixed fees for amendment to warrant applications, demolition, conversion etc., be increased as described in the proposals?

Fees for Building Warrant applications have not increased since 2005 whilst verification costs have increased significantly over this period e.g. the reasonable enquiry (site inspection) process, more complex procedural and technical checking and the investment required to deliver the e-building standards system. Therefore, based on further research into the full cost of delivering a Building Standards service as highlighted above, a higher level of increase than that proposed could be considered.

3 Should discounts for using a certifier of design or construction be increased?

The use of certifiers of design or construction removes the need for local authorities to check or inspect this work, resulting in speedier processing of building warrants or acceptance of completion certificates.

It is considered that the current discount for certifiers of construction should be increased as unlike certifiers of design there is no real incentive for the current schemes to be used.

With regard to certificates of design, the costs incurred for current in-house checking procedures for energy and structural calculations appear to be in line with the fixed fee discount. However, where the use of external consultants is required the costs may exceed the current 10% discount.

Further research on this matter should be undertaken.

4 Should fees for those who have undertaken unauthorised work be increased?

The increases proposed in the consultation will help to discourage the undertaking of unauthorised work and as a result this should reduce the burden imposed on local authorities through additional inspections etc.

5 Are there any alternative options to achieve full cost recovery that should be considered?

The current process of statutory fees set by the Scottish Government seems fair and reasonable.

Any alternative option may encourage greater inconsistency in the cost recovery process.

6 Additional views or comments.

The consultation suggests that a proportion of the increase in fee income is used to fund the Building Standards Division (BSD) of Scottish Government. The BSD prepares and updates building standards legislation and guidance documents, undertakes research and consults on changes as the Building Scotland Act requires. On behalf of Scottish Ministers, BSD also gives views to help local authority Verifiers make decisions in particular cases, and deals with applications to relax standards for particular matters.

Other than the strategic aim of raising £1.5M nationally for financing the Building Standards Division, no further details of this proposal have been provided in terms of how this proposal is expected to apply to an individual local authority. For this reason it is difficult to comment further at this stage.

As referred to in the consultation document there is evidence that fees for larger projects provide some cross subsidy to the fees levied for smaller projects. Any potential change to the role of Local Authorities in providing a universal building standards service as a sole verifier of applications could lead to other parties providing a selective service that focuses on those applications considered to be more profitable. This issue must also be considered to ensure Local Authority Building Standards services retain a sustainable financial future.