

Technical consultation: Stronger performance of local planning authorities supported through an increase in planning fees

Response from the Northern Housing Consortium

About us

The Northern Housing Consortium (NHC) is a membership organisation based in the North of England. We are the 'Voice of the North' working with councils, housing associations and ALMOs to develop insight, influence and solutions to create better homes and places.

Summary

The NHC is supportive of an approach to planning that acts as key economic driver with a crucial role in levelling up, protecting the environment and delivering places that people want to live and work in.

The planning system must be financially sustainable to support sustainable development across the North. However, our work with local planning authorities shows that increased workloads, diversification of roles and constraints with succession planning are making planning reforms challenging to implement. Resources are one of the major constraints in meeting these challenges.

The government estimates that the cost to local authorities of administering the existing planning system in England is £1 billion.¹ Reforming the planning system and delivering the government's growth plan will require a shift in gear for investment in capacity.

Depreciation in relative net expenditure for planning and development services has been most pronounced across the North compared to the rest of England. Building control and development control were down 61 and 62% respectively in the north compared to 34 and 43% in the rest of England.² The shortfall in funding has continued year-on-year since 2010, with additional costs borne by councils.

Despite an increase in 2018, current planning fees do not reflect the needs of the system. Developers willing to pay higher fees for a better service must be part of the solution to financial sustainability for the system.

We support the proposed increase in planning fees and see the main benefit of the increase will be to connect the increase in fees with improved performance from local planning services through securing greater capacity and skills in local teams.

¹ The Future of the Planning System LUHC, Government Response 6 June 2022

² NHC & Cache [Time to Level Up](#): Local Authority Housing and Planning Capacity in the North of England

Do you agree that fees for planning applications should be increased by 35% for major applications?

YES

An increase will support an effective planning service which is essential to delivering responsive, high quality planning services that are crucial to building new homes and levelling up places.

To understand the challenges of levelling up and placemaking it is crucial to understand the huge differences in resourcing around England. Regional imbalance was already present in 2010-11, but by 2018-19 the differences were stark.

Our analysis revealed for local authorities in the north, average change in net spend per local authority between 2010-11 and 2018-19 stood at -54% for housing services and -65% for planning and development services. Comparatively across the rest of England, this difference stood at -34% for housing services and -50% for planning and development services.³ Whilst the national average in England for net expenditure on planning is about £7 per person a year, this falls to under £5 in the North West, North East, and Yorkshire & The Humber.⁴

This reduction in spend on local authority planning services has led to reductions in staffing numbers, expertise and a loss of strategic leadership.

The last increase in planning fees allowed planning teams to maintain the current level of staffing which had fallen since 2010. As the Public Accounts Committee noted, “There is a real risk that the much-heralded extra funding in the Spending Review 2021 merely allows local government to stand still rather than allowing it to address the significant service pressures and risks which have built up.”⁵ Additional funds will support re-building capacity and recruiting for new skills and technical specialists to deliver new planning reforms.

Do you agree with the proposal for all planning fees to be adjusted annually in line with inflation?

YES

The proposal to make an annual inflation-related adjustment to planning fees will provide certainty to both developers and Local Planning Authorities. This would allow the much-needed investment in resources (both at officer level and through consultation expertise) that are required to ensure that planning applications are considered efficiently.

Do you consider that the additional income arising from the proposed fee increase should be ringfenced for spending within the local authority planning department?

YES

Planning fees should be protected and re-invested in planning and regeneration and be used to fund service improvements without being absorbed into the general funds of the local authority. Spending should incentivise all aspects of planning, not just the processing of applications or development control.

³ NHC & Cache [Time to Level Up](#): Local Authority Housing and Planning Capacity in the North of England

⁴ NHC Northern Housing Monitor 2022

⁵ Committee of Public Accounts Local Government Finance System Overview and Challenges January 2022

What do you consider to be the greatest skills and expertise gaps within local planning authorities?

Local Planning authorities are experiencing a challenging operating environment, with increasing workloads, diversification of roles and succession planning challenges.

Proposed planning reforms have the potential to shape communities and make the decision-making processes easier, but the reforms will be hindered by the complexity and volume of work required if a lack of key skills and resources within councils is not addressed.

Government planning reform will require a reset to implement the provisions of the Levelling Up and Regeneration Bill: this includes climate change and digital transformation. This is leading to more demand for people with specialisms and future recruitment will need skills in biodiversity, climate change, design, conservation, and digital.

Our local authority members report that skills gaps include: technical and knowledge skills: principles of good design, how planning “fits” with other policies, particularly its role in place-making and also its potential to contribute to a localities health and wellbeing and quality of life.

The [Local Authority Resourcing and Skills Survey](#) by Public Practice shows shortages across a range of skills but digital and data skills ranked highest.

As well as digital engagement, skills gaps exist in areas of urban design, ranked the second largest skills gap in Public Practice’s research. The Planning White Paper placed greater focus on using design coding tools to deliver high quality places. Increasingly, local authorities without in-house skills are reliant on consultants for services such as urban design and design coding.

In addition to the numbers that will need replaced through retirement, the majority of these will likely be senior and more experienced planners. This will potentially create a knowledge gap within the profession as this expertise and experience is lost.

In addition to increasing planning fees, in what other ways could the Government support greater capacity and capability within local planning departments and pathways into the profession?

In addition to increasing fee levels, there are potential opportunities to make greater use in local areas of Homes England’s re-orientation which focusses more holistically on regeneration, mixed-use schemes and a ‘place-based’ approach.

While Homes England does work with partners to provide clarity and advice, we believe there is far greater opportunity for the Government to use the Agency’s skills, capacity and resources to support local government planning functions in the North and elsewhere. A new Corporate Plan setting out clear objectives for the Agency to support levelling up and net zero would be a significant first step.