

Business Change Mandate (Including Budget Mandates) Proposal Number: B9

Title: Planning Service – Income Generation

All information requested must be completed on the proposed mandate to enable the Cabinet to decide whether to proceed with the proposal.

Mandate Completed by	<i>Mark Hand</i>
Date	<i>01/09/2015</i>

How much savings will it generate and over what period?
£40,000 increase in planning fee income from 16/17 onwards.
Directorate & Service Area responsible
Planning / Enterprise
Mandate lead(s)
Mark Hand / Kellie Beirne

Final mandate approved by Cabinet	Date:
--	--------------

1. Vision and Outcomes of the Mandate

Give a business context for the mandate. This must pick up on the vision and what the new / improved / reduced service will look like in the future including the anticipated experience of users. It must also consider any impact on the Council's key priorities and strategic outcomes. Similarly does it impact on service performance within the immediate service area or any impact on other services provided by the authority / any other providers. In doing so, the mandate must be tested against the equality impact assessment and sustainable development impact assessment and must consider impact in relation to the new Future Generations Bill.

What is the issue that the proposal is seeking to address?

Reduce the net cost of the Planning service by increasing the budgeted income line by £40k.

What evidence have you got that this needs to be addressed?

Reduced budget settlements from the Welsh Government mean that Local Authorities must seek to reduce the costs of the services provided, or where appropriate deliver the services differently or cease service delivery. Planning is a statutory function, so the service cannot be ceased.

How will this proposal address this issue

Increasing the budgeted income line for Development Management (N120) will reduce the net costs of providing the Planning service. Fee income comes from a combination of measures:

- Statutory planning application fees. These are set by the Welsh Government. As of 01/10/15 planning application fees are being increased by, on average, 15%. Based on the average annual fee income over the last five years, this 15% increase amounts to an additional £69.5k per annum;
- An additional £5k per annum is predicted based on a new charge for discharging planning conditions;
- The Council currently provides a fee-earning discretionary pre-application advice service. New legislation makes this a mandatory service, and as such the Welsh Government will set the fees. Fees proposed via a current consultation, if imposed, would result in a £5k reduction in income against current income levels;
- The increased planning fees are accompanied by new regulations that require the application fee to be refunded if applications are not determined within a 24 weeks of the agreed deadline (or 16 weeks for some applications). Every effort will be made to avoid having to pay a refund, and this budget mandate assumes that no refunds are payable. It would only take one large

application to incur a refund to negate the whole £40k income increase proposed by this budget mandate.

Carl Sergeant, Welsh Minister for Planning and Natural Resources, has written to all Local Authorities in August 2015 stressing the importance of ensuring planning services are properly resourced and advising that the 15% application fee increase is expected to be used to secure service improvements for customers. [WG - Planning Resource 190815.pdf](#). Consequently, while this budget mandate offers a £40k budget saving (by increasing the budgeted income and therefore reducing the net cost of the service), the remaining £29.5k is retained to fund service improvements and as a contingency given significant budget line increases in the last two years.

It is worth noting that, in collating evidence for the 2015 planning application fee increase, the Welsh Government confirmed that application fees meet just 60% of the cost of delivering the planning service. Consequently, even with the 15% fee increase, the service will not be cost neutral.

What will it look like when you have implemented the proposal

The Development Management income budget line will increase by £40k.

Service delivery will be unaffected by the budget mandate proposal. Some additional income will be retained for service improvements as required by the Minister.

Expected positive impacts

The net cost of the planning service will be reduced, in turn reducing the Council's overall net costs.

Expected negative impacts

Caution should be exercised in financial forward planning because application fees are directly linked to wider economic activity for example the housing market. Simply assuming a year-on-year income increase caused Local Authorities problems when the economic downturn occurred in 2008.

It should be noted that the income line for planning application fee income in 15/16 is £93k higher than the budgeted income for 14/15 and £44k higher than actual income in 14/15. This £93k increase comprises:

- £20k as a one-off increase to contribute towards overspend in Children's Services in 15/16;
- £49k to align the budget income line with actual income;
- £24k budget income line increase.

Excluding the one-off £20k amount detailed above, the 15/16 budget target is £577k, which marginally exceeds the highest income level received in the last 5 years. (The lowest income in the five year period was £344k in 2011/12 and the mean was £464k).

Significant increases have already been made to the planning income budget target in recent years, and caution needs to be exercised over assumptions that fee income will continue to increase year on year given that fees are set by the Welsh Government, and income is heavily reliant on the wider economy.

2. Savings proposed

Show how the budget mandate will make savings against the current service budget. This must cover each year implicated. This section must also cover any other efficiency that will arise from the mandate.

What savings and efficiencies are expected to be achieved?								
Service area	Current Budget £	Proposed Cash Savings £	Proposed non cash efficiencies – non £	Target year				Total Savings proposed
				16/17	17/18	18/19	19/20	
Planning application fee income	577,111	40,000	n/a	40,000	0	0	0	40,000

3. Options

Prior to the mandate being written, an options appraisal will have taken place. Summarise here the outcome of the Options considered and detail the rationale on why they were disregarded. (see options appraisal guide for further information)

Options	Reason why Option was not progressed	Decision Maker
Offer a lesser saving	Corporate objective of maximising savings to offset LG settlement cuts not achieved.	MH
Offer a greater saving	Taking into account budget trends from the last 5 years, the volatility of the market, and the Welsh Government explicit requirement that application fee increases be reinvested into improving the planning service, £40k is considered to be the maximum sustainable and deliverable income increase.	MH

4. Consultation

Have you undertaken any initial consultation on the idea(s)?		
Name	Organisation/ department	Date
Dave Loder	Finance	01/09/2015
Phil Thomas and Kim Lloyd	Planning	12/08/2015

Has the specific budget mandate been consulted on?		
Function	Date	Details of any changes made?
Department Management Team		
Other Service Contributing to / impacted		
Senior leadership team		
Select Committee		
Public or other stakeholders		
Cabinet (sign off to proceed)		

Will any further consultation be needed?		
Name	Organisation/ department	Date

5. Actions to deliver the mandate

Describe the key activities that will be undertaken to deliver the mandates and the action holders. This includes any actions contributed to by other services. Give the timescales to complete the work. This must also factor in any business activities that will need to be done differently or cease in order to achieve the mandate.

Action	Officer/ Service responsible	Timescale
n/a Application fees are set by WG and the decision has already been made to increase them by 15% as of 01/10/2015.	n/a	n/a

6. Additional resource/ business needs

Describe any additional finance, resource and capability needed in order to carry out the proposed mandate successfully. For example new funding, expertise e.g. marketing and knowledge etc..

Any additional investment required	Where will the investment come from	Any other resource/ business need (non-financial)
n/a	n/a	n/a

7. Measuring performance on the mandate

How do you intend to measure the impact of the mandate? This could include: speed of service; quality of service; customer satisfaction; unit cost; overall cost. For advice on developing performance measures you can contact Policy and Performance Team, for advice on unit costs speak with your directorate accountant.

Focus- Budget / Process / Staff / Customer	Indicator	Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20	Target 2016/17	Target 2017/18	Target 2018/19	Target 2019/20
Budget	Planning application fee income								
Budget	Fee refunds incurred								

8. Key Risks and Issues

Are there any potential barriers and risks that will need to be managed in delivering the mandate, including any negative impacts identified in section 1 that need to be accounted for. Also, set out the steps that will be taken to mitigate these. The risks should be scored in accordance with the [council's policy](#).

Barrier or Risk	Strategic/ Operational	Reason why identified (evidence)	Risk Assessment			Mitigating Actions	Post mitigation risk level
			Likelihood	Impact	Overall Level		
Application fee income drops	Operational	Fee levels fluctuate affected primarily by the economy and by other external factors	Medium	High	Medium	Effective trend- and evidence-based budget monitoring.	Medium

		e.g. Government subsidies for renewable energy developments					
Application fee refunds due	Operational	New regulations allow for a fee refund if an application is not determined within a set time period	Medium	Medium	Medium	Seek applicant's agreement to extended deadline. If not agreed, ensure application is determined before refund kicks in. Ensure other stakeholders (e.g. internal and external consultees) are aware of this issue. Determine application before refund deadline.	Low
Mandatory application fees are reduced	Strategic	Fees are set by WG, so beyond MCC's control.	Low	High	Low	Recent consultation on proposed increases, so highly unlikely to now be reduced.	Low

9. Assumptions

Describe any assumptions made that underpin the justification for the option.

Assumption	Reason why assumption is being made (evidence)	Decision Maker
Application workload remains constant (and therefore fee income plus 15% increase achieves the additional income target)	Best predictions based on trends over the last 5 years.	Mark Hand

10. Monitoring the budget mandate

The budget mandates must be monitored through directorate budget monitoring. This will lead into corporate budget monitoring. In addition the action plan, performance measures and the risk assessment must be transferred into the service plans for the business area in order to monitor and challenge the delivery of the budget mandate, including the savings being achieved and the level of impact.

11. Evaluation

It is important to evaluate the impact of the mandate once it has been fully delivered to know whether it has successfully achieved what it set out to do and to ensure that findings can be used to inform future work.

Planned Evaluation Date	Who will complete the evaluation?
30/04/2017	Mark Hand

DRAFT