

PRE-APPLICATION CHARGING REGIME – REVIEW AND UPDATE

Councillor Lax, Cabinet Member for Regulatory, Housing & Health

Date: 4th April 2022

Agenda Item: 7

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Key Decision? NO

Local Ward ALL

Members



PLANNING COMMITTEE

1. Executive Summary

- 1.1 The purpose of this report is to seek approval of the Planning Committee for amendments to the current pre-application charging regime to increase the charges payable.
- 1.2 A report on the effectiveness of the pre-application charging regime was last reported to the Planning Committee on the 13 November 2017. It was indicated at this time that the charging regime would be future reviewed.
- 1.3 It is considered the current pre-application fee levels are inadequate to appropriately fund the service provided, having not been reviewed for some years.
- 1.4 Following a review of other existing pre-application charging levies within other neighbouring Councils, and an assessment of the level of resources required to provide the service, this demonstrates that Lichfield do not currently charge comparatively nor are recovering full costs and accordingly, this report seeks approval to increase fees to a level that allows full cost recovery to provide this service.

2. Recommendations

- 2.1 That Planning Committee notes the content of this report and;
 - a) Approves the increased pre-application fee charges, as set out in the attached schedule of fees in Appendix 1;
 - b) That the amended pre-application fee schedule be introduced with immediate effect (from 5 April 2022) for all relevant pre-application queries received from such date.

3. Background

- 3.1 Charging for pre-application planning advice was introduced in April 2014 following approval by Planning Committee on the 31 March 2014. The effectiveness of the service and charges was subsequently reviewed in 2016 and an updated charging regime adopted following subsequent Planning Committee approval in April 2016.
- 3.2 A further amendment to the pre-application fee schedule was agreed by the Planning Committee on the 13 November 2017, which included the addition of a bespoke charging level relating to Planning Performance Agreements (PPAs) for more complex or strategic planning proposals that involve a substantial level of officer time / resource.

- 3.3 Pre-application charging was originally introduced in order to generate further income as part of the 2014 'Fit for the Future' Development Services review. Whilst pre-application advice is a discretionary/non-statutory service, it is an important part of the development management process, as it adds value to the quality of planning application submissions, as well as encouraging the delivery of high quality and appropriate development. It is therefore considered to be an important process to maintain as part of the Development Management planning service provided by the Council.
- 3.4 On the introduction of the pre-application service, the Council did not receive any complaints about the fact that a charging regime was introduced. Furthermore, since Lichfield adopted such a service other neighbouring Councils followed with the introduction of such a payable service. There remains a general acceptance that a fee is payable for the professional service and advice provided, which can lead to the quicker and smoother processing of resultant planning applications.
- 3.5 The current adopted schedule of fees were calculated having regard to relevant legislation (including that such charges must be on a not-for-profit basis); the unit/hourly costs normally involved in dealing with pre-application enquiries; the existing charges levied by other Local Planning Authorities; and, the actual planning application fee for the type of development sought.
- 3.6 The pre-application charging schedule is split into 8 development type bands of decreasing complexity consisting of 4 major development bands (including bespoke Planning Performance Agreements), 4 minor development bands and a householder / advertisement band; as set out on the schedule in Appendix 1.
- 3.7 The below table sets out details of the number of pre-application enquiries received in the last 3 financial years and until the end of February 2022 in the current financial year, and level of income generated since April 2018. This notes that with the exception of 2020/21, the Council receives approximately 170 pre-app requests of varying complexity per year. The level of fee income generated ranges from approximately £35K to £40K per year; which has been below what was initially projected to be achieved (£50K per annum).

	2018/19	2019/20	2020/21	2021/22 (up to 18 Mar 2022)
Total no. of pre-apps	170	164	241	166
1.No of PPAs	0	1	1	3
2.No of Strategic Major	2	4	4	4
3.No of Major Developments (a)	5	6	5	3
4. No of Major Developments (b)	7	7	10	8
5.No. of Minor Developments (a)	12	4	10	14
6.No. of Minor Developments (b)	82	64	66	66
7.No of Change of use	4	7	6	0
8.No. of Householder / Advertisements	55	72	132	74
HS2	3	0	8	4
Income received	£37,485	£37,844	£41,831.50	£36,745

- 3.8 Despite the initially envisaged level of income not being achieved, the introduction of pre-application fees has regulated the overall number and quality of pre-application enquiries received. It has also meant that some of the costs of providing the service are being recouped, thereby offsetting the resources involved thereto.
- 3.9 However, the recent increase in the quantity and complexity of requests for pre-application advice has resulted in a number of requests not being responded to within the relevant time frame; as set out

within the pre-app protocol (15 working days in most cases). For example, in the current period 2021/22, only 35% of requests for pre-application advice were responded to within the set time period, due to increased number vs the resources available within the team.

- 3.10 A review of the fee charges were originally scheduled to take place in 2018/19, although due to resources within the team and the impact of the pandemic this was delayed. However, with the growing DM team resource available and the need to ensure costs associated with delivering the service are met, it is appropriate to now consider a full review of the fees charged that have been static for over 4 years.
- 3.11 In undertaking the recent review of the fees charged, regard has again been given to legislation (charges must be on a not-for-profit basis); the unit/hourly costs involved in dealing with pre-application enquiries; review of the charges levied by other nearby, including Staffordshire-wide LPAs; and, the planning application fee for the type of development.
- 3.12 A full comparison of the charges against neighbouring/nearby local authorities is set out in Appendix 3. This shows that, although all nearby authorities have different fee structures, they do all charge more for all bands of pre-application advice when compared to Lichfield's charging schedule. For comparison, in relation to householder pre-application, Lichfield currently charge a £42 fee, while Tamworth charge £50; East Staffordshire charge £69; South Staffordshire £103; Walsall £113 and Birmingham charge £120 for the same type of pre-application service. For the minor development category of up to 5 new dwellings, Lichfield charge a fee of £180, in comparison to East Staffs charging £188; Birmingham charge £240; Stoke-on-Trent charge £250; South Staffordshire Charge £450; and Walsall charge £630. Finally, for a major development category of between 50 and 199 dwellings, Lichfield currently charge a fee of £1,440 in comparison to East Staffs charge £1,250; Cannock charge £2,400; South Staffordshire charge £2,400; Walsall charge £3,783; and Birmingham charge £3,672. Therefore, this clearly shows that in comparison to nearby LPA's, Lichfield significantly charge less for the pre-application service.
- 3.13 Notwithstanding the comparison of fees charged by our nearby authorities, in undertaking this review, consideration has also been given to the unit/hourly costs involved to provide the service, so as to identify an appropriate fee levy that recoups the relevant costs involved. For a householder pre application request to extend an existing dwelling, on average it takes on average approximately 2 hours to process, this includes registering, assessing and providing a written response to such a request. Given the unit costs of officers to carry out such work, this leads to a process cost of approximately £63 inclusive of VAT. By comparison, the current rate for a pre app charged for a householder application is £42 including VAT. Having regard to this, it is therefore proposed to increase the charge levied by 50% to £63, thereby ensuring the costs of providing the service are fully met, whilst also maintaining affordability of this service to a householder. This proposed charge would furthermore remain below the statutory application fee for a householder planning application (£206).
- 3.14 For a minor development of up to 4 new dwellings, which could involve specialist internal advice, the average officer hours needed to process and respond is approximately 5 hours. Given the unit costs of more senior officers involved, this leads to an approximate average cost of £270 to process. By comparison, the current rate charged for such a pre-app is £180 inc vat. Therefore, it is also proposed to increase the fee by 50%. This would also remain below the current single dwelling statutory planning application fee of £462. Therefore, it has been calculated that the overall service has not been covering its costs and is running at a loss of 50%.
- 3.15 In terms of the 5 remaining pre-application charging bands (excluding the bespoke Planning Performance Agreement (PPA) band), it is also proposed to increase the fee of all by 50%, as this would ensure the officer resource costs involved in processing are covered, allowing the right resource to be

put in place within the team and that there are also, more comparable rates charged having regard to other local authorities nearby.

- 3.16 It is furthermore noted that whilst increasing all pre application advice fees charged by 50%, the fees would continue to remain below that of the statutory fee for planning applications, so as not to dissuade applicants from seeking pre app advice in favour of proceeding with a full application without engaging in such process; for example, the lowest planning application fee for any non-domestic development is £462. Such an increase would allow for this service to operate on a full cost recovery basis.
- 3.17 Part of the current pre-application service provided is the ability for the enquirer to request, for a further fee, additional meetings or on-site meetings with officers, in addition to the initial meetings provided as part of the standard agreed fee. Given the increases proposed to the standard fee schedule and the reasons outline above for these, it is also proposed to increase the fee for additional meetings by 20% for the 4 lowest bands of pre app (the non-major development bands), and the major bands (excluding PPA) by 33.3%. For example, an additional householder meeting would rise from £35 to £42 inc vat, and an additional strategic major development meeting would increase from £300 to £400.
- 3.18 Also, the existing fee schedule allows for a 25% fee reduction for repeat / revised requests for pre-application advice. The time taken by officers in dealing with such proposals can however be greater than in dealing with the original submission. Therefore, it is proposed to cease providing this reduced fee option, and therefore, all pre-apps will require a fee, unless meeting one of the exemptions outlined in the fee schedule (see Appendix 2) which are not proposed to be amended.
- 3.19 Lastly, consideration has been given to response times, to ensure performance can be improved against those set out in the Development Management pre-application protocol, whilst also ensuring officers have sufficient time to make appropriately considered assessments of proposals, and allowing time to include in-house specialists (e.g. heritage or biodiversity). In regard to this, it is proposed that the response period for minor development, householder/ advertisements and change of use be extended from 15 working days to 20 working days and to extend the response period for major developments from 15 working days to 30 working days; unless an extension of time has been agreed with the applicant and there is the need/agreement to additional meetings.
- 3.20 It is considered that the proposed revised fee charges and response periods would allow the pre-application service to be adequately resourced and that appropriate responses are provided in a timely manner, in line with an amended Pre-app Protocol.
- 3.21 In conclusion, Members are asked to support the officer recommendation and approve the proposed increases to the pre-application charging schedule, as set out in Appendix 2 and that such amended pre-application fees be introduced with immediate effect (from the 5 April 2022).

Alternative Options	<ul style="list-style-type: none">• Not approve an increase in pre- application planning fees- this is not recommended because this would prevent the pre-application charging service being adequately resourced nor full cost recover for the service provided, to the detriment of service provision.• Stop pre-application service- this is not recommended as it is considered this service is important to the planning process ensuring high quality planning submissions and development. It is furthermore encouraged by national planning guidance and policy.
Consultation	None

Financial Implications	The revised fees have been calculated to achieve the pricing objective of Full Cost Recovery, where the Council wishes to make the service available, but does not wish to subsidise the service. Therefore, prices are based on the direct cost and overheads related to the activity. The new fees should achieve full cost recovery, based on the projected volume of pre-applications. This is in line with the Corporate Fees and Charges Policy, approved by Council in February 2022.
Approved by Section 151 Officer	Yes

Legal Implications	None
Approved by Monitoring Officer	N/A

Contribution to the Delivery of the Strategic Plan	Ensures the provision of pre-application advice to developers in bringing forward high -quality development within the District, in line with the Local Plan Strategy, which is relevant to the Council's ambitions identified in the Strategic Plan where they have a spatial element.
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Equality, Diversity and Human Rights Implications	There are no equality, diversity and human rights implications; service delivery to residents is unaffected.
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Crime & Safety Issues	None
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Environmental Impact	None
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GDPR / Privacy Impact Assessment	None
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	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
A	Charges may impact on the number of developers that seek pre-application advice, potentially meaning a lower quality of application submission and consequently more applications may need to be refused. Owner: Planning Development Manager	Impact: Yellow Likelihood: Yellow Severity: Yellow	Publicise the charging schedule online and highlight the key benefits of engaging in the pre-application service.	Impact: Yellow Likelihood: Yellow Severity: Yellow
B	Continue to charge existing levies with full cost recovery not achieved, would mean the service cannot be adequately resourced. Owner: Planning Development Manager	Impact: Yellow Likelihood: Yellow Severity: Yellow/red	Limit the amount of time and resource spent on pre-application enquiries-providing less comprehensive responses/service.	Impact: Yellow Likelihood: Yellow Severity: Yellow

Background documents	Appendix 1 -Existing pre-app charging schedule Appendix 2 - Recommended pre-app charging schedule Appendix 3 - Neighbouring / Staffordshire LPA's pre-application charging schedule comparison
Relevant web links	LDC Pre app protocol : - https://www.lichfielddc.gov.uk/pre-application-guidance-1/pre-application-protocol/1

Appendix 1 – Current Schedule of Fees for Pre-application Advice at Lichfield District Council

Proposed Development Type	Basic Fee Charged	Total Fee Inclusive of VAT (20%*)	Additional costs (per meeting) Plus VAT
Planning Performance Agreement (PPAs) or bespoke arrangements in relation to large scale, complex or strategic proposals where a bespoke charge is more suitable. This may include schemes where a PPA is involved.	TBA via negotiation	TBC based on negotiated fee.	N/A
Strategic Major Developments 200+ dwellings or over 4 ha site area or more than 10,000 sqm gross floor area.	£1800	£2160	£300
Major Developments (a) 50 to 199 dwellings or 2ha to 3.9ha site area or 5,000 to 9,999 sqm gross floor area.	£1200	£1440	£200
Major Developments (b) 10 to 49 dwellings; sites of up to 1.9ha or 1,000 to 4,999sqm gross floor area.	£600	£720	£150
Minor Developments 5 to 9 dwellings; sites of 0.5 to 0.99ha; 500 to 999sqm floor area.	£300	£360	£100
Minor Developments 1 to 4 dwellings; sites up to 0.49ha; up to 499sqm	£150	£180	£50
Householder & Advertisements	£35	£42	£35
Change of use of land or buildings to a non-residential (dwelling) use.	£150	£180	£50

Exemptions:

- Planning discussions following enforcement investigations
- Where the enquiry is made by a Local Authority or County Council
- Where the enquiry is made by a Parish or Town Council
- Where the development is for the direct benefit of a disabled person/s (and as such there would be no fee incurred to make a planning application)
- Works in respect of Tree Preservation Orders
- Works to a Listed Building or in a Conservation Area, where no planning application fee would be required.
- Advice about how to submit a planning application or a fee enquiry.

Notes:

Strategic Major Developments and Major Developments (a) - includes up to 3 meetings and notes of meetings and 1 written response.

Major (b), Minor Developments & Change of Use (non-residential) - includes up to 2 meetings, notes of meetings and 1 written response.

Householder & Advertisements- includes 1 meeting in the Council office and 1 written response. It does not however include a site meeting/site visit. If a site meeting/visit is required the normal fee rate will be doubled.

One short follow-up clarification/query on the advice provided will be given otherwise a further pre-application query will be necessary, which would generate a further fee. If a revised/amended scheme is subsequently proposed by the same applicant/developer in relation to the site within 6 months of the initial advice, then a reduction of 25% will be made against the further request.

All above basic charges are exclusive of VAT* and all fees are non-refundable. *VAT payable at current rate (20% at time of print/Nov 2017).

If specialist external advice is required to provide a response, the rates will be charged based on the fees incurred by the Council i.e. in relation to independent viability assessments or specialist agricultural advice required. Such fees are to be agreed between the two parties before specialist advice is sought.

Appendix 2 – Proposed Schedule of Fees for Pre-application Advice at Lichfield District Council

Proposed Development Type	Basic Fee Charged	Total Fee Inclusive of VAT (20%*)	Additional costs (per meeting) Plus VAT
Planning Performance Agreement (PPAs) or bespoke arrangements in relation to large scale, complex or strategic proposals where a bespoke charge is more suitable. This may include schemes where a PPA is involved.	TBA via negotiation	TBC based on negotiated fee.	N/A
Strategic Major Developments 200+ dwellings or over 4 ha site area or more than 10,000 sqm gross floor area.	£2700	£3240	£400
Major Developments (a) 50 to 199 dwellings or 2ha to 3.9ha site area or 5,000 to 9,999 sqm gross floor area.	£1800	£2160	£266
Major Developments (b) 10 to 49 dwellings; sites of up to 1.9ha or 1,000 to 4,999sqm gross floor area.	£900	£1080	£200
Minor Developments (a) 5 to 9 dwellings; sites of 0.5 to 0.99ha; 500 to 999sqm floor area.	£450	£540	£120
Minor Developments (b) 1 to 4 dwellings; sites up to 0.49ha; up to 499sqm	£225	£270	£60
Change of use of land or buildings to a non-residential (dwelling) use.	£225	£270	£60
Householder & Advertisements	£52.50	£63	£42

Exemptions:

- Planning discussions following enforcement investigations
- Where the enquiry is made by a Local Authority or County Council
- Where the enquiry is made by a Parish or Town Council
- Where the development is for the direct benefit of a disabled person/s (and as such there would be no fee incurred to make a planning application)
- Works in respect of Tree Preservation Orders
- Works to a Listed Building or in a Conservation Area, where no planning application fee would be required.
- Advice about how to submit a planning application or a fee enquiry.

Notes:

Strategic Major Developments and Major Developments (a) - includes up to 2 meetings and notes of meetings and 1 written response.

Major (b), Minor Developments & Change of Use (non-residential) - includes up to 2 meetings, notes of meetings and 1 written response.

Householder & Advertisements- includes 1 meeting and 1 written response. It does not however include a site visit. If a site meeting/visit is required at any stage, the normal fee rate will be doubled. For any subsequent meetings /site visits an additional £42 is required per request.

One short follow-up clarification/query on the advice provided will be given otherwise a further pre-application query will be necessary, which would generate a further fee.

All above basic charges are exclusive of VAT* and all fees are non-refundable. *VAT payable at current rate(20% at time of print/April 2022).

If specialist external advice is required to provide a response, the rates will be charged based on the fees incurred by the Council i.e. in relation to independent viability assessments or specialist agricultural advice required. Such fees are to be agreed between the two parties before specialist advice is sought.

Staffordshire / W Midlands Pre Application Charging Schedules for Comparision

	Lichfield (April 2014 / Nov 2017)	inc VAT	Additional mtg?	S Staffs (March 2020)	inc VAT	Add mtg	East Staffs (Oct 2014)	inc VAT	Add Mtg	Moorlands (April 2016)	inc VAT	Add mtg	Tamworth (April 2016)	inc VAT	Add mtg
Householder and advertisements	£42	y	£35	£103 (Householder) / £115(Adverts)	y	n/a	£69	?	£46	£0	y	n/a	£50 (householder only)	Y	n/a
Change of use of land or buildings to a non-residential (dwelling) use.	£180	y	£50	£115	y	n/a	£69	?	£46	n/a	y	n/a	n/a	Y	n/a
Minor developments (b)- 1 to 4 dwellings; sites up to 0.49ha; up to 499sqm.	£180	y	£50	£450	y	n/a	£188	?	£92	£570 if meeting /£285 if no meeting	y	n/a	£125	Y	n/a
Minor developments (a)- 5 to 9 dwellings; sites of 0.5 to 0.99ha; 500 to 999sqm floor area.	£360	y	£100	£450	y	n/a	£375	?	£138	£570 if meeting /£285 if no meeting	y	n/a	n/a	Y	n/a
Major developments (b) - 10 to 49 dwellings; sites of up to 1.9ha or 1,000 to 4,999sqm gross floor area.	£720	y	£150	£1200 (10-30 dwellings)	y	n/a	£938	?	£138	£845 (10-50 dwellings) meeting /£425 (letter)	y	n/a	£250	Y	n/a
Major developments (a) - 50 to 199 dwellings or 2ha to 3.9ha site area or 5,000 to 9,999 sqm gross floor area.	£1,440	y	£200	£2400 (30 -200 dwellings)	y	n/a	£1,250	?	£275	£1130 (50+ dwellings) meeting /£565 (letter)	y	n/a	£750	Y	n/a
Strategic major developments - 200+ dwellings or over four ha site area or more than 10,000 sqm gross floor area.	£2,160	y	£300	£3,840	y	n/a	10% of app fee	?	£375	n/a	y	n/a	£1,000	Y	n/a

Planning performance agreement (PPAs) or bespoke arrangements in relation to large scale, complex or strategic proposals where a bespoke charge is more suitable. This may include schemes where a PPA is involved.	To be agreed via negotiation	y		n/a	n/a	n/a		?		n/a	n/a	n/a	n/a	Y	n/a
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Newcastle (?)	inc VAT	Add mtg	Cannock	inc VAT	Add mtg	Stoke (?)	inc VAT	Add mtg	Stafford	inc VAT	Walsall (April 22)	inc VAT	Add mtg	Birmingham (2021)	inc VAT	Add mtg
£24 upto 30 mins £36 over 30 mins (householder only)	Y	n/a	£0	n/a	n/a	£0	Y	n/a	n/a	n/a	£113.50(letter) / £189.50 Letter &mtg)	Y	£20 / £30	£120	Y	£240
£58	Y	n/a	£0	n/a	n/a	£250	Y	£125	n/a	n/a	£315.20 (letter) / £567.36 (letter + mtg)	Y	£30 / £40	£240	Y	£360
£105 (1 dwelling)	Y	n/a	£0	n/a	n/a	£250 (1-9 dwellings)	Y	£125	n/a	n/a	£630.40 (letter) / £1008.64 (letter +mtg) /£1513.20 (Development Team)	Y	£30 / £70 / £100	£240	Y	£360
162 (2-9 dwellings)	Y	n/a	£0	n/a	n/a	£250 (1-9 dwellings)	Y	£125	n/a	n/a	£630.40 (letter) / £1008.64 (letter +mtg) /£1513.20 (Development Team)	Y	£30 / £70 / £100	£600	Y	£360
£360 (10-200 units)	Y	n/a	£1,200	Y	n/a	£750 (dwellings) / £1500 (retail)	Y	£375 (dwellings) / £750 (retail)	n/a	n/a	£1891.50(Non Dev Team) /£2534.61(Dev Team)	Y	£100 / £125	£1224 (10-24 dwellings) / £2448 (25-49 dwellings)	Y	£360
n/a	Y	n/a	£2,400	Y	n/a	£1200 (50+ dwellings)	Y	£600	n/a	n/a	£3,783	Y	£160	£3672 (50-99 dwellings / £7200 100-249 dwellings)	Y	£600
£715	Y	n/a	£4,800	Y	n/a	n/a	n/a	n/a	n/a	n/a	£3,784	Y	£161	£18,3600 (250+ dwellings)	Y	£600

n/a	n/a	n/a	n/a	n/a	n/a	To be agreed via negotiation	?		n/a	n/a	n/a	n/a	n/a	Upto £24,000	Y	£600
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