
Subject:	REGENERATION AND DEVELOPMENT RESOURCES
Meeting and Date:	Cabinet – 12 May 2014 Council – 14 May 2014
Report of:	Nadeem Aziz – Head of Paid service
Portfolio Holder:	Nicholas Kenton, Portfolio Holder for Environment, Waste and Planning
Decision Type:	Key
Classification:	Unrestricted

Purpose of the report: To seek additional financial resources for the Council's Regeneration and Development function

Recommendation: It is recommended that Cabinet:

Approves the changes to fees and charges for pre-application advice and the use of fee income to create a pre-application service as set out in Appendix 2 to this report.

It is recommended that Cabinet recommends to Council:

That the Regeneration and Development budget is increased by £230k to enable an increase in staff resources to improve handling of the planning application caseload and that the Legal Services budget is increased by £100k to provide the necessary level of legal support to support the function.

It is recommended that Council:

Approves the increase of £330k in the Council's General Fund budget.

1. Summary

- 1.1 Stimulated by inward investment initiatives and the confidence provided by the Council's development plans, investor interest in the District is at an unprecedented level. There is every prospect that long planned for regeneration and growth schemes will be delivered. This success is reflected in the planning application caseload which now includes a higher proportion of strategically important major applications and resultant increased fee income, which for 2013/14 was around 90% higher than originally projected, at circa £900k.
- 1.2 The economic recovery in general, and increases in activity in the Dover district in particular, have, over the last couple of months, given us the grounds to work on the assumption that the bulk of this increased activity is likely to be sustained, and provides a reasonable basis for on-going resource planning.

- 1.3 In addition, there is ongoing and considerable inward investment and planning input to pre-application discussions on further strategic schemes, which indicates that this welcome trend is set to continue.
- 1.4 Whilst very welcome, this trend has however put pressure on the staff in the Regeneration and Development Department, who are now working above capacity. Major applications are, by their very nature, more complex and time-consuming to deal with and often need a team approach involving several members of staff. In addition, they often generate the need for complex Section 106 legal agreements and complicated follow-on work to approve details and deal with conditions. The demands of the caseload have prevented the Department from meeting any of the national targets on speed of decision making despite various management initiatives to improve the situation.
- 1.5 Staffing levels are mainly a reflection of the restructure of the Department in 2012, which took account of economic conditions and the level of developer interest at that time. Since then, however, staff resources have continued to fall while the demands of the caseload have increased.
- 1.6 Without action to increase the staff resource (including related legal support) these pressures are set to continue with the result that the Council will not have sufficient capacity to keep pace with the Council's regeneration and growth programme. It will not be possible to deal with planning applications in the timescales expected nor in the pro-active way required. This would slow-down the regeneration process and risk losing investor confidence in the District.
- 1.7 While the recommendations of the report represent a significant increase in the Department's budget this can be managed, and will be kept under careful review such that should income/workload not be sustained measures to reduce expenditure can be taken.

2. Introduction and Background

- 2.1 The Regeneration and Development Department was restructured in 2012. While the restructure was designed to achieve improved management, working arrangements and performance it was carried out against a background of budget reductions in response to the general economic downturn. Although there have been, and continue to be, improvements in working practices and use of electronic systems, good progress on plan making and related projects, performance in terms of speed of decision making on planning applications has been variable with little or no overall improvement. Table 1 in Appendix 1 provides summary information on this.
- 2.2 The main factor behind this is a combination of a decrease in staff and an increase in the complexity of the workload. The Department has fewer Development Management staff members available now than it did in 2012 because as staff have left, retired or taken maternity leave, they have not been fully replaced. At the same time, there has been a very strong upturn in the number of major planning applications particularly in 2013 (see Table 2 in Appendix 1). Many of these are of strategic importance to the District and, by their very nature, complex and time consuming. The receipt of these applications is in large part the result of the success of the Council's Inward Investment initiatives combined with the advanced stage of the Council's Development Plans, which allocate land for development and pave the way for applications to be made. This pattern is set to continue with several further development schemes known to be in preparation. While it is anticipated that the

members of staff who are on maternity leave will return to work this may not be on a full-time basis and, in any event, there are two other members of staff due to start maternity leave in the middle of this year. In addition, another member of staff has confirmed his intention to retire in June.

- 2.3 In response to these issues flexible working between the Development Management and Policy and Projects sections has been encouraged over the last year. Two members of staff within the Policy and Projects section are developing their skills and experience in dealing with planning and related applications but this has a limit beyond which it would harm the section's ability to carry out its own work programme. A flexible system of contracting the use of private sector town planners to process selected planning applications has also been developed. Whilst this has undoubtedly benefits in helping to manage the workload it also has limitations in that those contractors still need to be overseen by in-house staff and it is, generally, a more expensive option on a direct time basis compared with the cost of in-house staff. It is most effectively an option for dealing with unexpected increases in workload, one-off cases or covering for temporary in-house staff absence, rather than as a general substitute for insufficient in-house staff resource
- 2.4 In terms of the speed of decision making it remains the Department's aim to meet the Government's targets on the time taken to determine the various categories of application and the soundness of decisions as measured through our success rate at appeal. In addition, and perhaps more importantly, there is a need for the service provided to match the breadth and pace of Council's regeneration agenda. In order to maintain investor confidence, the service needs to have the skill and capacity to deal with the most complex and large-scale developments in a responsive and timely way. Currently, and in the foreseeable future, the service does not have sufficient capacity to achieve this.
- 2.5 There are two other important aspects of the planning application process that need consideration if the whole service is to be improved: pre-application advice and legal support. Currently, pre-application advice is provided by all officers and fitted in around processing actual applications. Dealing with submitted applications often has to take priority with the result that the pre-application service takes too long a time and does not meet customers' needs. In order to improve the situation, a proposal for a more dedicated pre-application service on a self-funding model has been developed and is set out in Appendix 2.
- 2.6 With regard to legal support, the issues are principally twofold. Firstly, there is a need to provide timely and experienced support and leadership to the preparation of legal agreements that are necessary to make an application acceptable and enable a decision to be issued. A lack of capacity in this area risks slowing the whole process and undermining any improvements that have been achieved elsewhere. Secondly, particularly where larger and more complex regeneration proposals are concerned it is increasingly the case that Council has a role to play in the delivery of the development proposals. This can arise for example, because a site is either wholly or partially owned by the Council or because the Council has some other function to perform e.g. the delivery of social housing or community infrastructure. The involvement of the Council in this way clearly gives rise to the need for legal support in the conveyancing or procurement processes.
- 2.7 Experience within the legal team to accommodate an increase in the workload of this complexity is extremely limited owing to a reduction in the number of staff capable of undertaking it. This has arisen largely because the size of the legal team was reduced in 2013 in the light of the continuing economic downturn and budget

reductions. This was appropriate at the time but an earlier and sharper rise in levels of activity in the district makes it necessary to reconsider the level of resource in this area.

- 2.8 In formulating proposals for the Legal Team regard has been had not only to immediate needs but also, to the short term future. The age profile of the Team is such that three key postholders, (two of whom are almost exclusively involved in regeneration work), have indicated an intention to retire within the next eighteen to twenty months. In order to prepare for this, recruitment will need to be commenced as soon as possible if a service is to be maintained.
- 2.9 It is, therefore, considered that additional planning staff resource is needed to deal with all categories of application but with an emphasis on the larger-scale developments, along with a further resource in the Council's legal team at a total estimated cost of around £100k. This cost was not included in the 2014/15 budget as the Development Management and Legal sections had been trying to manage within their existing resources and there was uncertainty over whether the changes in planning application caseload and staff levels were a short-term phenomenon or a more sustained situation. It has, however, become clear that the latter is the case and given the anticipated continuing workload and staff pressures the situation requires an alternative solution. It is proposed that the costs will initially be met from 2013/14 carried forward planning income and then from either in-year planning income, or if necessary, General Fund balances. Approval is required for use of the carried forward income as the MTFP does not permit use of carried forward budget to fund on-going resource commitments. The use of General Fund balances will be necessary if the 2014/15 planning fee income does not increase over the budgeted value to cover the additional expenditure.
- 2.10 It worth noting that the Council's ability for its planning function to keep pace with regeneration and development initiatives and to make timely decisions on planning applications that enable development to proceed, has significant financial knock-on effects for the Council as a whole. Apart from planning application fee income, the Government is operating the New Homes Bonus scheme which is likely to produce an income of just under £3m over the 2011 to 2015 period. In addition, there is the potential for the Council to retain a proportion of business rates from growth in commercial floorspace. While the possible financial gain from development proposals is not a factor to be taken in account in determining individual planning applications, the wider point is that the outcome of such decisions can increase Government funding streams and that speed of decision making is important in this respect, as well as for providing a good service to the applicant.

3. Identification of Options

- 3.1 The Council could decide that staff resources to support the development management function should not be increased at this time
- 3.2 The general case for increased resources could be accepted but the report's recommendations varied, for example, the budget increased but not to the level proposed, or the recommendation regarding fees and charges and pre-application advice not accepted
- 3.3 The recommendations could be agreed without alteration

4. Evaluation of Options

- 4.1 If the first option was taken, the Department would continue to make system improvements, deploy staff as flexibly as possible, and use contractors as far as existing budgets permit, but the Council would need to accept that it is very unlikely that national targets on the speed of decision making on planning applications will be met. The worst performing authorities risk falling into the Government's special measures regime. More importantly, the Council would risk a pronounced disjoint between its inward investment, regeneration and growth ambitions and its ability to handle resultant planning applications. This would be likely to reduce investor confidence in the Council and the District. The service for applicants for smaller-scale development would be likely to remain variable.
- 4.2 The impacts of the second option would depend upon exactly what was proposed but are essentially a compromise position. Generally, this option would increase the possibility that the extra cost could be covered by fee income but decreases the likelihood of significant gains in performance and investor confidence/interest.
- 4.3 The third (recommended) option represents the most upward pressure on budgets of all the options but offers the highest prospect for overall improvement in performance and maintenance/increase in investor confidence and interest. The decision turns on how much weight is to be placed on regeneration factors as opposed to budgetary restraint. It is considered that this option strikes the best balance. Opportunities for inward investment and regeneration need to be captured as they arise and the District is experiencing an unheralded level of interest. If such interest is translated into applications it increases the prospect for fees to offset the increase in budget. Should, however, the application workload decrease in future years any opportunities to reduce staff levels through natural turnover would need to be taken.
- 4.4 The resourcing of the Planning function will inevitably require a flexible approach and the department will continue to use consultants and contractors in addition to its own staffing. This is not necessarily the most cost effective option but sometimes unavoidable in order to obtain particular expertise or to meet short term demand.
- 4.5 The national shortage of Planners also means that recruiting permanent staff will not be easy and we have struggled to do so in the past. The two factors set out above together with the age profile of the staff in the Department mean that should it be necessary to manage down the resourcing level in the future because activity/income was not sustained, it should be possible to do so relatively easily.

5. Resource Implications

<i>Revenue Implications</i>	<i>2014/15 £000</i>	<i>2015/16 £000</i>	<i>2016/17 £000</i>	<i>On- Going £000</i>
Expenditure Increases:				
Planning salaries - permanent posts*	150	160	170	180
Planning salaries - temporary support	80	35	0	0
Legal salaries – permanent support	100	100	100	100
Total Expenditure	330	295	270	280
Income and Reserve Use:				
Pre-application increased income	0	(10)	(20)	(20)
Use of 2013/14 carried forward	(277)	0	0	0

<i>Revenue Implications</i>	<i>2014/15 £000</i>	<i>2015/16 £000</i>	<i>2016/17 £000</i>	<i>On- Going £000</i>
planning income				
Total Funding	(277)	(10)	(20)	(20)
Net Revenue Implications	53	285	250	260
Increase/(decrease) in budget requirement	53	285	250	260

*Assumes annual increments and 2% pay award each year

6. Corporate Implications

6.1 Comment from the Section 151 Officer:

6.2 This report seeks approval for additional expenditure for the Planning and Legal teams, in 2014/15, of £330k, with on-going additional expenditure of circa £270k.

6.3 The latest General Fund budget projections indicate that, if this report is approved, the Council will need to make savings / generate additional income of circa £1.2m in 2015/16 with further savings required in subsequent years, and therefore any additional expenditure, or reduced income, adds to this challenge.

6.4 However, the additional costs arising from this report can be partially or wholly mitigated.

6.5 First, significant increases in planning activity that the Council has experienced in the last year, reflecting the economic recovery in general, and specific regeneration in the Dover District, have been reflected in increased planning fee income.

6.6 For 2013/14 the original budget for planning fee income was £470k, however the outturn is now expected to be around £900k. As a result, after allowing for the additional costs of managing the increased activity, £277k of the additional income will be carried forward to 2014/15 to finance the bulk of the proposed additional planning and legal budgets for the first year.

6.7 Second, the planning fee income budget for 2014/15 is currently £515k. If the additional planning activity is sustained, then the increased level of fee income is also likely to continue, offsetting some, or all, of the additional commitment.

6.8 Third, if the additional activity and income are not sustained, then the Council will pro-actively manage the staff and other planning and legal budgets, and also curtail the use of temporary resources (currently at £80k per annum) to reflect the reduced planning workload.

6.9 Finally, the projections of future savings assume that Council Tax and Business rates income continue broadly as they are. However, in 2013/14 the Council has seen significant additional income from Business Rates / Enterprise Zone relief grant. The system has not yet stabilised, and is still being adjusted by the Department for Communities and Local Government, and so it is not possible to advise whether this additional income will be sustained, but if it is, then it will contribute towards the Council's future savings target (MD).

7. Comment from the Solicitor to the Council:

7.1 The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make.

8. Comment from the Equalities Officer:

8.1 This report does not specifically highlight any equalities implications however, in discharging their responsibilities members are required to comply with the public sector equality duty as set out in section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15>

Other Officers (as appropriate): None

Appendices

Appendix 1 – Development Management Statistics

Appendix 2 – Review of Pre-Application Advice

Background Papers

None

Contact Officer: Mike Ebbs, Head of Regeneration and Development