



**ACTION REPORT FROM HEADS OF PLANNING SCOTLAND ON  
THE RECENT CIPFA/HOPS SURVEY ON COSTING THE PLANNING  
SERVICE IN SCOTLAND**

**HEADS OF PLANNING SCOTLAND, FEBRUARY 2019**

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## HEADLINE RESULTS

- 12 Authorities participated in the 2018 Costing the Planning Service Project, which is a follow up to the project of the same name ran in 2013 and 2014 in which 30 authorities participated. The project aims were to provide detailed information on the cost of delivering planning services, particularly development management.
- The methodology used was developed by the Planning Advisory Service and CIPFA and is based on three key components – time recording, performance information and detailed financial information. The data collection was carried out with the results providing a snapshot of information based on a 4-week time recording period (21<sup>st</sup> May to 15<sup>th</sup> June 2018), combined with financial and performance information from a 6-month period since the increase in major fees (1<sup>st</sup> June 2017 to 1<sup>st</sup> December 2017).
- The detailed information behind these figures is available and will be provided to the Scottish Government as part of the funding agreement for this project.
- The costs used in these figures include staff time and overheads such as premises, ICT, transport, postage and adverts and external advice. The figures below are the average across the 12 participating authorities. There are significant variances between authorities within this average. This is to be expected given the differences in demographics, geography and application profiles between authorities. These differences are likely to have a more significant effect than business process efficiency.

<b>Fee income as a % of full cost of planning service</b> (including policy)	2014 30 Authorities	26.5%
	2014 12 Sample Authorities	26.1%
	<b>2018 12 Sample Authorities</b>	<b>32.9%</b>
<b>Fee income as a % of the development management service</b> (including enforcement)	2014 30 Authorities	40%
	2014 12 Sample Authorities	36.6%
	<b>2018 12 Sample Authorities</b>	<b>42.7%</b>
<b>Fee income as a % of core application processing costs</b> (receipt to appeal/local review)	2014 30 Authorities	63.1%
	2014 12 Sample Authorities	59.8%
	<b>2018 12 Sample Authorities</b>	<b>65.6%</b>

## METHODOLOGY AND ASSUMPTIONS

The Costing the Planning Service Project is a follow up to the project of the same name ran in 2013 and 2014 in which 30 planning authorities participated. It was agreed with the Scottish Government in 2018 that a partial re-survey was required to update the previous data.

The methodology used was developed by the Planning Advisory Service (PAS) and the Chartered Institute of Public Finance and Accountancy (CIPFA) and is based on 3 main components: - **time recording, performance information and detailed financial information.**

The data collection was carried out based on a 4-week time recording period (21<sup>st</sup> May to 15<sup>th</sup> June 2018), combined with financial and performance information from a 6-month period since the increase in major planning application fees (1st June 2017-1st December 2017)

The 4-week period data was aggregated up to an assumed 12-month position, and the fee income was derived from the performance information provided by local authorities relating to a 6-month period, averaged to an annual figure.

Almost all of the Tables and Charts used in the CIPFA reports compare a council figure with a group average. This average value ignores missing data, or data that CIPFA have excluded and for this reason sets of averages sometimes do not reconcile precisely.

Whilst this is an established methodology which has been refined and improved continually since its creation in 2009, there are some natural limitations with the data provided. In particular, there are different ways in which local authorities structure their financial systems and this can affect the level of detail available.

In addition, different councils have different staffing structures and inevitably a different interpretation of the CIPFA guidance provided.

The costs used in this exercise include staff time and overheads, such as premises, ICT, transport, postage, adverts and external advice.

There are differences and variations across the 12 participating authorities due to their demographics, geography, and application and staffing profiles. In particular, the management costs derived by 3 councils - Dumfries and Galloway, Aberdeenshire and Orkney used slightly different methods of calculation.

Each council received their own customised report from CIPFA with a wide range of comprehensive, financial information. The 3 appendices at the end of the report are included as examples of the information available.

HOPS is confident that the overall figures and key conclusions are robust and relevant based on the CIPFA methodology and involvement and the joint project management arrangements between HOPS and CIPFA.

## 1.0 INTRODUCTION

1.1 Heads of Planning Scotland (HOPS) agreed with the Scottish Government (SG) to carry out a follow up survey on Planning Costs using the same CIPFA methodology as in 2013 and 2014.

1.2 The survey was part funded by SG subject to the full data findings being shared with SG, subject to GDPR requirements and the confidentiality agreement between HOPS and CIPFA. The conclusions and findings in this Summary Report are aggregated to provide a representative Scotland wide position and they are anonymised to protect the data of individual planning authorities.

1.3 The planning costs data is also made available to each participating council to enable each council to use the data to monitor and assess its planning costs across all planning activities and to facilitate benchmarking activities across councils.

1.4 HOPS selected the 12 local planning authorities (LPAs) listed below to take part in a partial survey on planning costs to compare and contrast with the previous findings and to provide an up to date analysis at 2018 cost levels. HOPS considers this selection to be representative of the Scottish position.

- Aberdeenshire
- Angus
- Argyll and Bute
- Dumfries and Galloway
- Edinburgh
- Falkirk
- Fife
- Glasgow
- Highland
- Moray
- Orkney
- Stirling

1.5 The study findings are intended to assist Kevin Stewart, the Minister for Local Government, Housing and Planning and the Scottish Government in their understanding of the totality of planning costs for providing planning services and to further inform the ongoing discussions at the High-Level Group on Planning Performance. They offer a good basis from which to understand the nature and relationship of planning costs and increased performance, and the potential for increased application fees and charges to achieve cost recovery.

1.6 In particular, HOPS wants to develop a better understanding of how planning costs are derived across the whole planning service to inform and influence future discussions on planning costs and resources. HOPS sees these survey results as an important element in taking discussions forward with the Scottish Government and other stakeholders.

## 2.0 RESOURCING PLANNING AUTHORITIES

2.1 Both HOPS and SG agreed that it was important to provide an up to date baseline for planning costs to take forward in to future discussions on the sustainable resourcing of LPAs.

2.2 This follows on from the Scottish Government consultation in December 2016 as part of its commitment to consult on enhanced fees, following on from **the Independent Review of Planning’s recommendation that fees for major applications should be increased substantially so that the planning service moves towards full cost recovery.** ([Empowering planning to deliver great places](#) - page 33, item 37).

2.3 **This was termed by the Scottish Government a “Phase 1” approach** as it was intended to consider wider changes to the planning fee structure, including scope for further discretionary charging taking account of changes to the planning system flowing from the planning review process. Previous discussions suggested that the further “Phase 2” consultation would not take place until the latter part of 2018 or possibly later, depending on the progress of the Planning Bill and timescales for the subsequent Planning Act. It is now apparent that Stage 3 of the Planning Bill will not commence until early in 2019.

**2.4 At the time the fee increase was reported there was general industry support for increasing planning application fees, provided that the additional fee income was used to improve the quality and responsiveness of the planning service and this could be clearly evidenced.**

2.5 HOPS previously submitted a detailed response to the Scottish Government in its previous paper on Planning Fees and Performance, ([HOPS Paper on Fees and Performance](#)) setting out a case for a comprehensive review of the planning fee structure and categories for discretionary charging. This message has subsequently been reiterated by HOPS in its separate submissions on the Financial Memorandum, the Call for Evidence for the Planning Bill and subsequent submissions at Stages 1 and 2.

2.6 HOPS considers that it is important to maintain the pressure for a more comprehensive, proportionate and sustainable planning fee regime and this focused survey will further assist in providing some additional data beyond what is currently collected in the Planning Performance Frameworks and the annual LFR7 returns prepared by Council Finance Officers.

2.7 It is important to note that this survey is one of 3 carried out by HOPS in 2018 as input papers to the Scottish Government. We have already published the findings of the HOPS survey on Planning Skills. ([HOPS Paper on Skills and Shared Service](#)). The HOPS survey on Fee Increases for Major Planning Applications has just been published in February 2019 ([HOPS Paper on the Major Fee Increase](#))

2.8 All 3 studies by HOPS are interlinked and inter-related and need to be read together to understand the different relationships affecting our costs and resources.

## 3.0 HOPS ASSESSMENT

3.1 The data from the survey is comprehensive and covers the following critical cost areas:

- Cost of handling applications
- Costs per application - 6 categories
- Planning costs per hour
- Basket analysis
- Performance analysis, which includes applications valid on receipt, zero fee applications, pre-application advice, appeals, speed of processing and enforcement costs
- Appendices cover recorded staff costs, staff hours and cost calculation, non-staff costs and direct and indirect costs

### WHAT DID WE FIND OUT?

- The headline figures are relatively consistent with the previous 2 surveys carried out by CIPFA/HOPS using the same methodology
- Each council is using the financial data in a positive manner to highlight areas of concern or as an opportunity to identify further processing efficiencies
- The individual reports are considered to be useful for inter-council benchmarking activities
- Some councils have already started to work on Improvement Plans and individual actions, using the data from the survey as a basis for sharing good practice e.g. delegation schemes, discretionary fees, cost of high hedge applications
- The councils also indicated that the costing data provided has proved helpful in their wider council discussions with colleagues and committees on budgets and planning finance
- In each of the council data sets there are specific areas which were considered “surprising” by the host council and would merit further study and clarification
- Validation rates were considered to be low despite the use of the HOPS national standards and councils carrying out seminars and workshops to assist agents and developers
- The data will be worth sharing with other organisations, e.g. Local Authority Building Standards Scotland (LABSS) as many councils have combined the 2 functions into a single service and comparisons in approaches to overall costs would be helpful.

## WHAT DID WE LEARN ABOUT PLANNING PERFORMANCE?

HOPS considers that it was invaluable to include the following performance measures in the survey data to provide an up to date picture of the most recent findings.

### **Validation**

- The average rate for applications valid on receipt is 42%
- The lowest rates (below 20%) are for major non-residential, waste, minerals and electricity applications.
- The average % for all dwellings applications was 36%

### **Withdrawn Applications**

- 7% of applications were withdrawn before they were determined

### **Zero Fee Applications**

- 29% of applications received were zero fee applications

### **Delegation**

- The average delegation rate was 98%

### **Permissions**

- 97% of the applications were granted permission

## WHAT DID WE LEARN ABOUT PLANNING COSTS?

- The range of costs varies widely due to the representative nature of the selected councils
- The importance of the individual council costs data cannot be over-emphasised as it is a finer grain measure of total costs than the LFR7 returns
- In relation to fee income it is clear that the fees collected do not meet the costs of delivering the full cost of the planning service (32.9%), the costs of the development management service (42.7%) or the core application processing costs (65.6%)
- The costs average is broken down as Handling Application (50%), Indirect (17%), Planning policy (24%) and Compliance and Delivery (9%)
- The average income generated by planning fees is 66%
- Full Time Equivalent (FTE) is shown as, Handling applications 30% Planning apps indirect 11% Planning policy 13% Compliance and Delivery 6%, Generic 9%, Not at work 13% and Non-planning 19%
- The cost per average productive hour are, Handling applications £52, Planning apps indirect £45, Planning policy £59, and Compliance and Delivery £48
- Application income as a % of handling costs is 65.6% and the range is (31%-88%)

## 4.0 HOPS CONCLUSIONS

4.1 The results of this joint HOPS/CIPFA demonstrate clearly the range of factors involved in calculation of the costs of delivering a full planning service. These all require to be taken into account when considering a review of planning costs and setting new levels for planning fees. The finer grain data in this and the earlier HOPS/CIPFA surveys will be invaluable to the Scottish Government to feed in to these discussions.

4.2 Although planning fees are only currently received for the submission of planning applications and other applications, the costings provided here including costs for other services, such as non-staff costs, compliance and delivery, enforcement and appeal costs presenting a fuller picture of the overall planning costs.

4.3 Although the report highlights the average costs from the survey sample, it also includes the range of costs involved to demonstrate the geographical differences which occur.

4.4 The key headline figures clearly show the significant funding gaps between the fee income currently received and the actual costs of running the planning service. In terms of core application processing costs, it is 34% but in terms of the planning service the gap in income is 67%

4.5 Most planning authorities have made year on year efficiency savings, and the % of what the planning fee covers can be an indication of how efficient the planning authority is, against other factors.

4.6 Planning costs also have to be set within the wider resourcing context, and recent RTPI research findings and updates on planning resources indicate;

- 25% decrease in planning budgets between 2009/2010 and 2016/2017
- 25.7% staffing cuts in planning departments
- Decrease in planning budgets in real terms by 40.8% since 2009
- Average spend on development planning and development management is 0.38% of local authority budgets

## 5.0 HOPS ACTIONS

5.1 HOPS will continue to work with the Scottish Government and other stakeholders to resolve the current dilemmas facing local planning authorities with regard to overall funding and resourcing of planning, including the related areas of planning fees and discretionary charging.

5.2 HOPS will support this approach by sharing the sample data and the previous 2014 survey data with the Scottish Government and assist in its analysis and interpretation.

5.3 HOPS will distribute this report and its summary findings with all Scottish planning authorities to assist them in preparing service budgets and identifying opportunities for efficiencies.

5.4 HOPS will assist the pilot authorities in this survey to benchmark and discuss the service improvements being developed so that best practice can be identified and promoted.

5.5 HOPS will share the report findings with RTPI, COSLA and SOLACE to inform other related workstreams.

5.6 HOPS will submit the Action report to the High Level Group on Planning Performance and request a meeting with the Minister, Kevin Stewart, to discuss the findings of the survey.

## ACKNOWLEDGEMENTS

HOPS would like to thank all the council respondents who took part in this survey and for providing detailed assessments of the context in their organisation on how their planning costs are derived.

Special thanks to Juliet Lawrence and Vijay Pillai of CIPFA for their help, support and assistance during the survey discussions.

This report is a summary version of the data compiled by CIPFA and HOPS during the survey but the contents of this report are wholly the responsibility of HOPS.

Report compiled on behalf of HOPS by Jim Birrell, HOPS Manager, assisted by David Leslie, HOPS Senior Vice Chair and Trevor Moffat, Improvement Service.

**Approved by the HOPS Executive Committee, February 2019.**

# APPENDIX 1

## HOPS/CIPFA SURVEY OF PLANNING COSTS



Basket size is the average number of applications of that type for all LAs in the exercise.

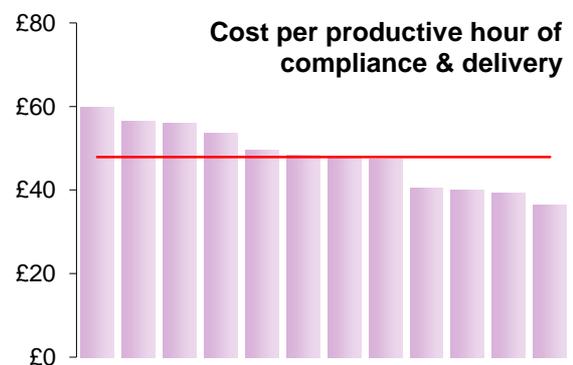
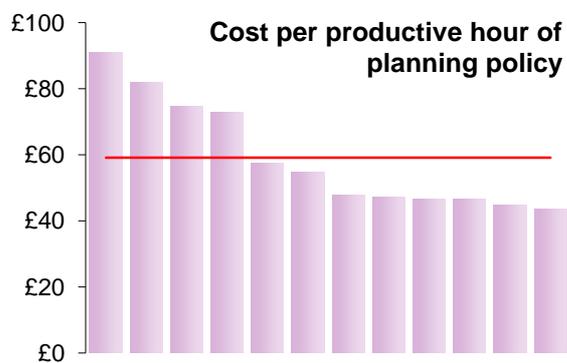
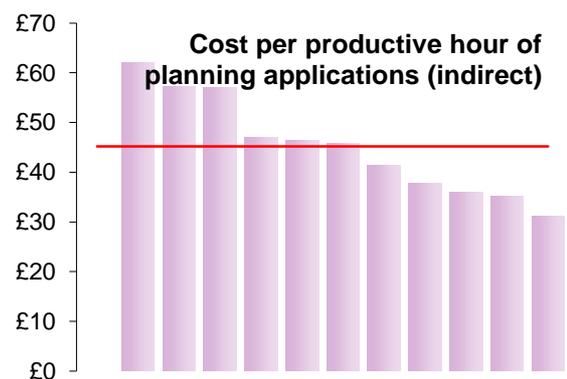
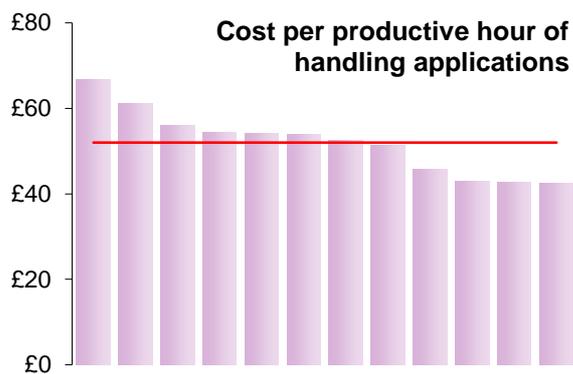
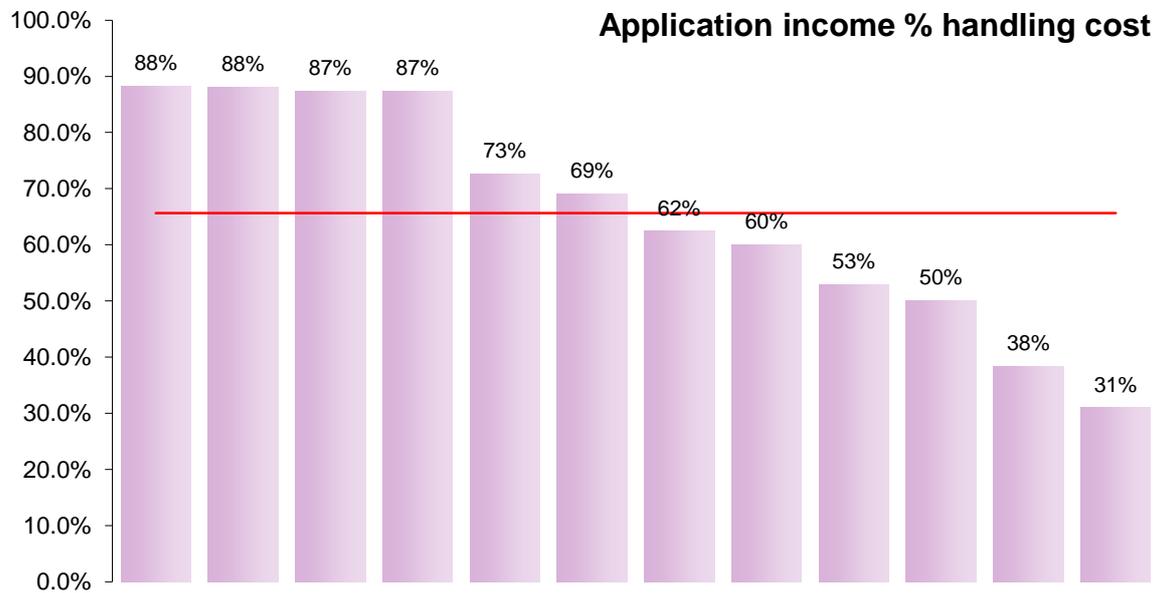
Basket cost is therefore what it would cost each LA to deal with this standard basket.

Where unit cost could not be calculated it is assumed for this purpose that this would have been equal to the average.

Activity	% of Total Costs Cohort Averages
Receipt	4%
Validation, Fees	9%
Running the consultation process	7%
Responding to internal consultation	15%
Responding to external consultation	1%
Evaluation and negotiation	19%
Delegated reports and decisions	23%
Committee reports and decisions	13%
Decision notices, agreements	4%
Planning appeals	5%

## APPENDIX 2

### APPLICATION INCOME HANDLING COST



# APPENDIX 3

## VALIDATION OF PLANNING APPLICATIONS

