

## PLANNING FEES – TIME FOR CHANGE

A POSITION STATEMENT FROM HEADS OF PLANNING SCOTLAND (HOPS)

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### BACKGROUND

Some time has passed since the Scottish Government consulted on Performance and Fees. For over a decade a fundamental review has been required to planning fees. Current fees have fallen well behind inflation, and with the complexity of assessing an application increasing, the current fee structure is outdated and does not support the proper resourcing of planning authorities across Scotland.

HOPS very much welcome the Minister's indication that the work on Performance and Fees is being progressed. The Government's proposals within the consultative draft is considered by HOPS as very much an **interim position** on the way towards a more radical and comprehensive approach to resourcing planning which must provide for "full cost recovery" for planning services.

It is now over a decade since the inception of the Planning Performance Frameworks across Scotland which was the culmination of collaboration between HOPS and Scottish Government. Part of this initiative was to provide evidence to Government of improved performance across planning services to justify further increases to planning fees.

Disappointingly, in that 10-year period fees have remained relatively static with no annual inflationary increase, and only an increase to major applications in 2017 which did not benefit all Councils. As such the majority of fees, in real terms, have substantially declined over that period. The proposed capping limits for Scotland at £150,000 would be the lowest within UK. Wales is set at £300,000.

Despite a plethora of research projects by Scottish Government, HOPS, RTPI and specialist consultants appointed by Government, HOPS remains concerned that there has been no real progress made towards a radical review of how planning fees can be overhauled, and additional resources be allocated to more effectively contribute to the range of planning services now provided by local Councils, to deliver full cost recovery.

Whilst HOPS will welcome proposed fee increases being finalised and implemented, this must be an interim position to work towards full cost recovery. It is imperative that clarity is provided by Government on what "working towards" full cost recovery means, and HOPS considers that any forthcoming Regulations that do not meet full cost recovery should commit to that within this Parliamentary period.

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### THE CURRENT FEE PROPOSALS

As stated earlier, HOPS very much welcome the proposed increases to planning fees being set out by Scottish Government, but we see this as very much an **interim position** on the way towards a more radical approach which must provide for "full cost recovery" for planning services.

The proposed increases have generally been welcomed by all parties who responded to the consultation process.

HOPS consider it important to look at the anticipated impact on planning income levels, different development types and how far this will take us towards our collective aim of full cost recovery. HOPS also agree that it is not appropriate at this stage to look at any radical or fundamental changes as this would trigger a further consultation process and the delay and uncertainty involved would be detrimental to taking matters forward as soon as practically possible.

Nevertheless, there are other related workstreams to be undertaken to obtain a clearer picture of the resourcing position for planning services across Scotland and HOPS will be seeking further clarity from Scottish Government as to when and how this work is to be undertaken. The impact of the 49 new and unfunded duties in planning authorities has a very significant impact.

### **Why does a fee have to be paid for planning services?**

It is important to reflect on the different wording on the purpose of planning fees used by the 4 UK nations as outlined below. Regardless of the precise wording it is clear that planning fee income is tightly regulated to cover the processing of planning applications only and not any wider provisions.

**England:** Planning-related fees were introduced so that users of the planning system, rather than taxpayers in general, meet the costs incurred by local planning authorities in deciding planning applications. The overall planning service is funded from a local authority's core spending power, which includes Council Tax, retained business rates, and central government grants. The planning application service is also funded by fees for planning applications.

**Northern Ireland:** The purpose of planning fees is to cover the cost of processing planning applications. Planning fees have remained unchanged since 2014. The fee increase is essential to assist councils and the Department to cover these processing costs.

**Wales:** The primary source of funding for local planning authorities (LPAs) is generated from fee income received for determining applications, which are intended to recover the costs for providing this service.

Although the aim of application fees is to recover the costs of LPAs in providing a development management service, it has become increasingly clear fee levels do not cover the costs of running development management services. Consequently, LPAs are moving further away from a position of cost recovery.

**Scotland:** The overall resourcing of local planning services is the responsibility of local authorities. Those services are financed through the local authority's budget and fees from planning applications. Scottish Ministers expect a planning system that is reliable, proportionate, provides a service that is focused on delivery and which is able to develop, share and adopt good practice for continuous improvement.

Scottish Ministers agree with the views expressed in the review that any increase in fees must be linked to sustained improvements in performance. The new fee levels proposed are intended to provide additional resources to planning authorities to help support performance improvement.

Full cost-recovery refers to the cost of processing an application, from validation to the issuing of the decision letter. Scottish Government have not committed to delivering full cost-recovery through the changes proposed however they do expect to move closer towards that outcome. As the new Planning Act is implemented, further work may be needed to model how much income the new structure will generate for each authority given the different profile of application types and numbers handled by authorities across Scotland.

It is clear that the income from planning fees is related to the core processing costs of validating, assessing and determining a planning application and does not refer to other planning related work, including enforcement and monitoring of planning conditions.

The new Planning Act also imposes a range of additional duties onto Planning Authorities and these are not attracting additional funding.

There are many additional workload pressures facing Local Planning Authorities which affect the service quality and delivery of the whole planning service including extensive public scrutiny, complicated procedures, social media immediacy, and the complexity of assessing major applications.

### **What impacts will the proposed fee increases have for Scottish Local Planning Authorities and Councils?**

Previous [HOPS research](#) has confirmed that the impacts can vary widely between Councils due to the very wide geographical, demographic, and development differences as well as the scale and size of the Council and whether it is urban, rural, or an Islands Council.

In relation to fee income the research confirmed 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%)

Although generalisations are not helpful and the actual impacts on an individual Council will be very specific to that Council and the range of fee income levels will vary widely across Scotland, these findings are important as base criteria.

HOPS consider that a more fine-tuned survey is required to set out actual real costs for the different application types. It would also be helpful to have a timeline over the last 10 years of total planning fees income levels for Scotland.

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### **WAY FORWARD**

Finalised work on Performance and Fees through to regulations is welcomed. However, they will not alleviate the resourcing pressures faced by Planning Authorities.

If Scottish Government wish to see an increase in fees linked to improved performance, recognition is needed that this fee increase has been needed for over a decade. In part therefore any increase will be to manage budget gaps, and then to implement improvements. Income from planning fees is dealt with differently across Councils and there is no means of guaranteeing that planning fee income is retained within planning services budgets. This concept was previously referred to as “ring fencing” but in reality, it refers to the need for Councils to be able to

reinvest any additional income streams in to improved performance and quality of service enhancements.

Local and major applications have continued to decrease each year since 2013/14, although some Councils are experiencing local increases in application numbers and increases in fee income. The impacts of Covid-19 have distorted the data for number of applications by type across Scotland and this is likely to remain, at least in the short term.

Beyond the issue of planning fees, to properly resource planning services in the future requires collaborative working to encourage people into the planning profession to meet the significant numbers of new planners required over the next 10-15 years, as identified through Skills Development Scotland research with RTPi.

Planning Authorities across Scotland demonstrate their improved performance through annual Planning Performance Framework's. The past 18 months have been particularly challenging. Despite these challenges the planning system kept moving through the pandemic, investment in Scotland facilitated, together with addressing climate change.

Now is the time to address properly resourcing Planning Authorities.

**Pam Ewen, Chair**  
**Heads of Planning Scotland**  
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