

TONBRIDGE & MALLING BOROUGH COUNCIL

PLANNING and TRANSPORTATION ADVISORY BOARD

23 October 2006

Report of the Director of Planning & Transportation

Part 1- Public

Matters for Recommendation to Cabinet - Non-Key Decision (Decision may be taken by the Cabinet Member)

1 PLANNING DELIVERY GRANT 2007/8 AND PLANNING AND HOUSING GRANT AFTER 2007/8

1.1 Background

1.1.1 The Government has published two consultation papers which deal with funding streams based on performance in the Planning Service. These are the Planning Delivery Grant (PDG) draft settlement criteria for 2007/8 and draft proposals for a new Planning and Housing Delivery Grant (PHDG) that is set to be introduced for an undefined period from 2008/9 (subject to the Government spending review).

1.1.2 As the closing date for responses in both cases is before this meeting I have submitted a provisional response based on the content of this report.

1.2 Planning Delivery Grant draft criteria - 2007/8

1.2.1 Development Control

1.2.2 For PDG there is, as in previous years, a focus on Development Control performance which while characterised slightly differently from previous years raise no fresh or particular issues that need to be challenged.

1.2.3 This year there are no improvement awards as such and performance will be tested against BVPIs on two occasions with two settlement announcements in November 2006 and July 2007.

- The first allocation is 25% of the total Development Control settlement based on performance in the period 1 July 2005 to 30 June 2006.
- The second will be 40% of the total Development Control settlement based on the period 1 July 2006 to 31 March 2007.
- There will be a further £50K for meeting performance criteria in all three categories of planning applications (majors, minors and other applications).

- As in previous years there are background criteria on workload levels.

We are continuing to monitor closely our performance in these various categories of applications and review and sharpen procedures when this is consistent with high levels of customer care and best quality practices.

1.2.4 **E-Planning**

- 1.2.5 New provisions are to be applied with regard to E-planning. Last years criteria (which the Council met in full) are to be replaced by new criteria in 3 performance bands. In themselves the proposed criteria for functionality of ICT systems are sensible although they will require some further alterations to our systems. However they are not fully detailed in the paper and there is proposed to be a Guidance Note in due course. Band 1 brings 20% of the proposed grant and should be easily attainable.
- 1.2.6 Where there is a major change is that to achieve grant in the top two payment Bands certain levels of transaction must be carried-out by the public using electronic means. This means that by March 2007 at least 10% of representations made on the Local Development Framework and 10% of planning applications must be submitted electronically to achieve grant at Band 2. (30% and/or 20% respectively to achieve Band 3). While it is possible to continue to promote and enhance the use of online services and we have made good progress to date, levels of usage are not ultimately in the control of the Council. I believe that it would be better to encourage Councils to further develop E-planning techniques to focus on the provision and availability of services (rather than specify take-up). One of the measures could, for example, be the introduction of monitoring regimes to measure take-up. I am concerned that the proposals as they stand represent an unrealistic target and will not be a representation of the Council's performance.

1.2.7 **Plan Making**

- 1.2.8 Far more radical changes are envisaged in what is termed the "Plan making" element of PDG. Some of these changes are directly related to plan making procedures and the ability of Councils to meet milestones in their Local Development Framework (LDF) process. Subject to clarification of terms, these could be useable criteria and the Council is currently well placed in this respect.
- 1.2.9 However there are many suggested criteria that are not directly functions of the planning system and rely on a host of other factors and other agencies. The following are examples used in the consultation guidance, which in themselves are important aspects of a sustainable pattern of development but are not wholly controlled and managed through the planning system.
- Energy used in form of on site renewables
 - Proportion of nationally important nature sites in good condition

- Proportion of open space to Green Flag standards

1.2.10 There are other alternative measures that could be considered, for instance performance against density criteria, percentage of development on Previously Developed Land or more specific measurements such as the amount of 'designated' countryside 'lost'. The fundamental point must be that the measures should be capable of being readily and practically assessed and be a direct result of the application of the planning system.

1.3 The Proposed Planning and Housing Delivery Grant – post 2007/8

1.3.1 The Government is proposing a new grant regime to replace PDG to provide an incentive to local authorities and other bodies to respond more effectively to local housing pressures. The principles of the new grant are said to aim at the following:

- Strengthen the incentive for local authorities to respond to local housing pressures;
- Support increased housing delivery to meet local needs;
- Encourage local authorities to become proactively involved in the delivery of new housing and unlocked blockages in the delivery chain;
- Return the benefits of growth to a community through new funding streams;
- Incentivise efficient and effective planning procedures.

1.3.2 The consultation paper sets out a range of mechanisms by which performance in this area could be assessed. For example it seeks to introduce a 'floor' of housing delivery that would need to be reached before any incentive is granted. It also puts forward a proposition of rewarding local authorities that adopt more challenging targets for housing delivery; puts forward the prospect of different levels of incentive, favouring authorities in areas of high housing demand, and considers the prospect of other organisations (regional planning bodies, urban development corporations and planning advisory bodies) as beneficiaries of grant.

1.3.3 As a generality, the housing delivery element all seems unnecessarily over-complicated. The measure of housing delivery should simply be based upon whether an Authority has met or exceeded the dwelling requirements set out in the RSS and the extent to which local authorities have assessed and make provision to meet affordable housing need. Failure to deliver or make reasonable progress should be penalised to varying degrees. It is a matter for Government to decide in the light of plan, monitor and manage, whether over-delivery should be rewarded or penalised. In this connection, the whole approach to the Planning and Housing Delivery Grant cannot really be finalised until Planning Policy Supplement (PPS) 3 is published in its final form because that will set the parameters for judging performance.

- 1.3.4 There should also be some recognition of the fact that most Local Authorities do not themselves actually “deliver” housing. Delivery is by the private sector and RSLs the performance of which is determined as much by the national economy as anything the Local Planning Authority does. Even monitoring the rate of planning permissions for new housing is subject to similar external factors.
- 1.3.5 What the Planning and Housing Delivery Grant should ideally do is monitor performance against the Housing Trajectories set out in the Annual Monitoring Report of the LDF and track progress against affordable housing targets.
- 1.3.6 Overall I am concerned that some of the measures proposed in the consultation document are an inappropriate test of the competency and effectiveness of a Council in influencing the supply of housing. That said, depending on the particular criteria that might be applied to this Borough, the Council has consistently performed well in terms of housing delivery and its Planning and Housing strategies are set to positively continue this trend.
- 1.3.7 The consultation document sets out a number of specific questions and these are listed below together with a brief comment.
- **Question 1 – Do you agree that these should be the principles (see para 1.3.1) of the new grant?** The principles are in themselves admirable but bearing in mind the range of variables linked to housing delivery and the range of circumstances across and between regions it is not appropriate to link this to grant on an annual basis. To bring a sustained approach planning authorities need to have certainty attached to future funding for planning activities, including housing delivery.
 - **Question 2 – Do you agree with the proposed beneficiaries of the grant?** Housing delivery through the planning system is a District Local Authority function and any grant should be focussed at that level. As an aside it is vital that the Planning Inspectorate is adequately resolved to assist the LDF process.
 - **Question 3 – Do you agree with the proposal to introduce a floor that needs to be reached before any incentive is granted? At what level should a floor be set?** The floor should be set at the level of housing required in the approved Regional Spatial Strategy (RSS) and an annual rate of affordable housing delivery based on an agreed annual provision target for the area.
 - **Question 4 – Should the improvement element of the grant include a separate improvement fund or be stair cased? Are there any other ways to incentivise improvement?** An arbitrary progressive increase over time might not be in line with the requirements of the RSS and so this requirement seems unnecessary. On the other hand, if a planning authority

has been under performing in the past there may be a case for rewarding enhanced performance relative to previous years.

- **Question 5 – Do you agree with the proposal to reward local authorities that adopt challenging targets?** The targets should be those set in the approved RSS. There is no place for the setting of local targets for general private housing against current stock levels.
- **Question 6 – Do you agree with the proposals for identifying which authorities will be eligible to receive the grant?** All authorities should be eligible to receive grant based upon their performance in delivering housing against approved requirements. However, the case for higher incentives (rewards) where the affordability gap is greatest would be logical and of benefit to this Borough albeit this would be to the possible disadvantage to certain regeneration areas.
- **Question 7 – Which approach do you prefer? Can you suggest an alternative approach?** (The consultation paper puts forward the housing targets published at the time of the Sustainable Communities Plan in 2003 as an alternative to an approved RSS). Unless PPS3 says something different, the only appropriate measure against which to judge delivery is the housing requirements set in an approved RSS. (See also response to question 3 above).
- **Question 8 – Do you agree with measuring delivery using a figure based on three year rolling average of supply?** A three year rolling average could be used, but if Housing Trajectories were used as the basis for monitoring this takes account of past and likely future levels of development over time.
- **Question 9 – Does planning need additional resources beyond the Revenue Support Grant? If so, how long does it need it for? What particular aspects need support?** Yes, there is a continuing need for the foreseeable future for a specific grant above current levels of Revenue Support Grant (RSG) to assist with plan production because the new planning system is proving to be very much more expensive during this first round of plan production than the former system. There is also a need to ensure continuing financial support for staffing in Development Control to sustain performance improvements. It is important that any additional grant to support these key functions actually finds its way to authorities in 'real cash' terms and is not hindered by the complexities of the RSG 'floors' mechanism.
- **Question 10 – Is rewarding plan making against progress in Local Development Frameworks and on planning outcomes a fair and reasonable proposal? If not, what would you suggest?** Successful progress in plan production against an approved Local Development

Scheme (LDS) is a reasonable basis for rewarding a planning authority for its performance in this field. However, it must have regard to mitigating circumstances beyond the Council's control and should be measured against the LDS approved in the previous year and not against the original LDS submitted in 2005. Whether 'planning outcomes' can be a reasonable measure depends on exactly what they are. They need to be targets that are directly influenced by the planning systems and wholly within the scope of local planning authorities (See paras 1.2.9/10 above).

1.4 Conclusions

- 1.4.1 These two documents present a future of amending previous models of additional funding outside the core Revenue Support Grant system. While PDG has been a very welcome addition to funding, and has enabled some permanent staff appointments to be "smoothed" into the MTFs, its loss will prevent the retention of important temporary staff resources which have been so crucial to improving speed of performance, especially in Development Control. The shift in emphasis to the criteria in PHDG switches emphasis from the need to maintain performance in the area of DC (for which the maintenance of staffing levels is a key element).
- 1.4.2 I believe that it is time for the Government to recognise that its aspirations for the improvement of performance can only be satisfactorily maintained by creating a new permanent line of finance **to add to** current Revenue Grant – the uncertainty that arises from annual Grant assessments (of indeterminate future) means that long term improvements cannot be guaranteed.

1.5 Legal Implications

- 1.5.1 None

1.6 Financial and Value for Money Considerations

- 1.6.1 Until the final technical background details of the criteria are finally established it is not possible to predict what the likely PDG settlement would be for 2007/8. This is equally true of PHDG.

1.7 Risk Assessment

- 1.7.1 The risk is that if these Grants are not secured then some temporary staff contracts may need to be terminated. Whilst PDG received to date is committed to various staff, IT investment and projects there are no commitments budgeted for on the basis of 2007/8 PDG.

1.8 Recommendations

- 1.8.1 The response to the consultation documents, in respect of general view and specific questions **BE ENDORSED**.

The Director of Planning & Transportation confirms that the proposals contained in the recommendation(s), if approved, will fall within the Council's Budget and policy Framework.

Background papers:

contact: Lindsay Pearson

Nil

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