

## **Appendix 1 – Draft Fee Schedule for Planning Performance Agreements**

### **Background**

Central government promotes local planning authorities use of Planning Performance Agreements (PPA's) to improve the quality, engagement and programming of major development schemes. These schemes are often complex due to issues such as design, height, density, proximity to existing communities and viability considerations. The council has entered into over 13 agreements since December 2015 and generated circa £320,000 of additional income.

PPA's are popular with major developers as they provide guaranteed access to dedicated planning (and allied resources) and a more realistic, project managed pathway to submission and determination of their application.

### **Current Position**

Subject to the wider economic position and the local housing market, it is likely that the demand for PPA's will be sustained at or above current levels (circa 4/6 pa) as the major developments identified in City Plan Part One are being taken forward.

There are a number of issues that the council is currently facing in preparing bespoke PPA quotations, as follows:

- The length of time taken to prepare a fee estimate for agreement by the developer (with some being concluded after the work has commenced)
- The unproductive resource costs across the directorate (and key external partners) in preparing the fee estimate and drafting the PPA agreement. This is consuming valuable officer time away from planning application work.
- Lack of clarity in the scope to negotiate the charges for the agreement with developers
- Weak commercial acumen and awareness for some case officers tasked with these negotiations
- No systems to easily capture and recharge additional, chargeable items (eg extra meetings)

Unlike a private consultancy, the Planning Service (and its directorate partners) do not have dedicated resources to produce fee estimates and negotiate contracts/fee agreements. This therefore impacts on operational time available for professional work and agreements take a lengthy period to negotiate and formalise.

There are also operational resource issues in supporting the workload, which is being addressed through the general resource planning and management initiatives within the service.

## **Charging Models**

A desk top study of other local authorities has been undertaken to establish the charging mechanisms for PPA's adopted. The models appear to fall into 3 main areas:

Fee Percentage (with/without additional charges on a lump sum basis for extra meetings)	A charge based on a percentage of what the estimated planning application for the proposed development would be.  Fees range from 10 -50% of the estimated planning application fee. Some schemes then charge an additional lump sum per additional meeting required by the developer.
Bespoke Fee per case (Current process used by BHCC)	Based on an assessed charge calculated on the estimated officer time taken to undertake the service (including other directorates and external third parties as necessary)
Lump Sum – based on number of meetings or size of development	Based on either the size/volume of development proposed or a lump sum per meeting (weighted to recover the preparation, research and feedback costs of officer time)

There is no particular preferred model, although the bespoke fee basis appears to be the most utilised across the region.

The strengths and weaknesses of each of the 4 options are summarised below:

	<b>Strengths</b>	<b>Weaknesses</b>
Fee %	Developer understands fee cost at outset & can quickly commission (including payment for service up front)_	More complicated fee estimate/calculation process  Possible dispute over level of fee assessed leading to delays/negotiations
Bespoke Fee	Minimises risk of under recovery of charges for service provided (if a formal time recording system is in operation)	Length of time taken to prepare  Requires individual negotiation with client Unproductive costs in producing fee estimate
Lump Sum (meetings)	Fee charges linked to number of meetings that the developer requires for each scheme	Mechanism to capture and recharge meetings required  May lead to negotiation on number of meetings required Weighted sum per meeting may lead to under recovery of costs Fee estimate still needs to be prepared

Lump Sum (development size)	Simple fee calculation (which can be linked to standard PPA) Developer understands fee cost at outset & can quickly commission (including payment for service up front) No officer negotiations re charges (but may reserve position to charge for excessive meetings)	Mechanism to share fees with other participants could be developed (including risk transfer) May lead to under recovery of costs
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### **Proposed Model**

In order to address the concerns with the current model, it is proposed to move to a mixed model of lump sum (development size) and retain the bespoke charging model (for very large developments) as shown below:

<b>Band</b>		<b>Residential/Commercial</b>	<b>Mixed Use</b>
<b>A</b>	10-25 residential units/1,000m <sup>2</sup> - 4,999m <sup>2</sup> commercial development	£24,000	£26,500
<b>B</b>	26-99 residential units/5,000m <sup>2</sup> – 9,999m <sup>2</sup> commercial development	£32,500	£35,500
<b>C</b>	100-174 residential units/10,000m <sup>2</sup> - 17,499 m <sup>2</sup> commercial development	£37,000	£40,000
<b>D</b>	175- 250 residential units/17,500m <sup>2</sup> - 24,999 m <sup>2</sup> commercial development	£45,500	£47,500
<b>E</b>	Over 250 residential units/25,000 m <sup>2</sup> commercial development	Bespoke fee	Bespoke fee

The final rates may be subject to a further increase to ensure that all sub-consultancy external fees are recovered where used in place of “in house” staff where client programmes dictate.

Notes:-

- 1) We are only able to provide PPA services on large scale developments. For medium scale developments (less than 10 residential units or up to 999m<sup>2</sup> of commercial space) we will provide advice services through the pre-application process
- 2) Where a developer has already paid for pre-application advice on a development within the last 12 months and the development remains unchanged (apart from reflecting any amendments recommended through the pre-application process) the fees quoted above will be discounted by the sum already paid for the pre-application advice (up to a maximum of £2,500.)
- 3) For mixed use developments, the applicable fee band will be charged at the higher rate of the two parts of the development (ie a scheme with 110 flats and 7500m<sup>2</sup> of commercial space would be charged as Band C.)

4) All fees are exclusive of VAT

If this approach is adopted, the number of bespoke quotes required from the historic PPA programme would reduce from 13 to 4 (69%).

### **Scope of Service & Additional Hourly Rates**

The proposed scope of service is summarised below:

<b>Pre-Planning Agreement Services</b>	<b>Additional Services (additional charges apply)</b>
<ul style="list-style-type: none"> <li>• Establishment of a Development Team (to include other officers &amp; advisors as appropriate for the scheme)</li> <li>• Up to 4 meetings with a nominated Planning Officer and the Development Team</li> <li>• A site visit</li> <li>• A summary of the key issues and action points from each meeting outlining advice &amp; next steps</li> <li>• Confirmation of likely planning obligations</li> <li>• Confirmation of likely CIL liability (due for implementation in late 2019)</li> <li>• Confirmation of likely supporting documents required &amp; likely consultees</li> <li>• Engagement with local ward members and planning committee</li> <li>• Agree application timeframes and project programme</li> <li>• Sign a formal Planning Performance Agreement</li> <li>• Review and commentary on one subsequent revision of the scheme drawings</li> <li>• Formal advice letter/report</li> </ul>	<ul style="list-style-type: none"> <li>• Design Review Panel</li> <li>• Legal Advice (including S106)</li> <li>• Draft Viability Review</li> <li>• Draft Environmental Statement Review</li> <li>• Sunlight/daylight /wind review</li> <li>• Other identified specialist areas of advice</li> </ul>

Some of the services may have already been provided either partially or in full as part of a pre-application advice commission. This is therefore reflected in the fee discount for schemes which have already been through this process.

This specification will not be reduced, but additional meetings and input can be requested by the developer if desired. The fees for any additional input will be charged on a time basis with an estimate agreed in writing in advance of the work

being commissioned (including payment in advance from the developer.) The charges will be based on the rates included in the table below:-

<b>Role</b>	<b>Hourly Rate (ex VAT)</b>
Assistant Director/Head of Planning	£111.00
Planning/Transport Manager	£87.75
Principal Planning Officer/Senior Engineer	£66.75
Planning Officer/Engineer	£59.75
Technical Officer/Technician	£44.75

### **Appointment**

A standard appointment document (based on a revised version of the current document) will be prepared (and ultimately published on the BHCC website.) The terms and conditions, fees and service specification will be non-negotiable (apart from where a developer wishes to pay for additional services.) In such cases, these will be scheduled separately as part of the final agreement.

### **Marketing**

Once agreed, this arrangement will be documented as part of a wider development protocol (available in print and on line) encompassing PPA, pre-application and other chargeable services (excluding building control.) All of the appointment forms, standard agreements and associated documents will be available from the council's website.

