

Committee:	Date:
Planning & Transportation Committee For decision	24 May 2016
Subject: Introduction of Planning Performance Agreements to enhance the process for development proposals	Public
Report of: Chief Planning Officer and Development Director	For Decision/
<p>Summary</p> <p>The 10 March 2016 Committee agreed to consider the introduction of Planning Performance Agreements (PPAs) pursuant to the corporate income generation cross cutting review reported to that Committee.</p> <p>Using PPAs could be a means of enabling development management to assist in offsetting its costs in providing its non-statutory functions whilst ensuring that the standard of service is maintained and enhanced at less cost to the Corporation and in line with the cost cutting review. PPAs are a collaborative process between the Local Planning Authority (LPA) and the Developer.</p> <p>Other London planning authorities have introduced a chargeable PPA regime. A PPA is a project management tool to enable the processing of 'Major' planning applications. It does not guarantee that planning permission will be granted for the development.</p> <p>Informal discussions have shown that the development industry would not oppose the introduction of a simple chargeable PPA regime.</p> <p>Recommendation(s)</p> <p>It is recommended that Members agree to consider the principle of the introduction of PPAs and if the Members agree the principle that:</p> <ol style="list-style-type: none"> 1) That the introduction of PPAs are the subject of consultation with key stakeholders. 2) A draft indicative agreement or agreements are prepared (to take account of different circumstances and scales of development) and 3) the draft (s) are the subject of consultation with key stakeholders 4) that a scale of charges is prepared and subject to consultation with key stakeholders 5) the agreed PPA format(s) and scale of charges be delegated to the Chief Planning Officer in consultation with the Chamberlain and Chairman and Deputy Chairman of the Planning & Transportation Committee. 	

Main Report

Background

1. At your meeting on the 10 March 2016 the Committee agreed to consider the introduction of Planning Performance Agreements (PPAs). PPAs could be a means of enabling the development management service to assist in offsetting the costs incurred in providing its non-statutory functions whilst ensuring that the standard of service is maintained and enhanced at less cost to the Corporation and in line with the cost cutting review. This review included a bench mark of fees and charges with the 32 London local authorities and identified that the City's development control's offsetting of its costs when compared to its gross expenditure was below the London average and recommended the introduction of PPAs to bring the City closer in line with neighbouring authorities.
2. The Department of Communities and Local Government introduced the concept of PPAs as a way to manage large scale developments in 2007. In principle, a PPA can be used for any application, although whether a PPA is appropriate in any particular case may depend on the size and complexity of a proposal.
3. PPAs are a collaborative process between the Local Planning Authority (LPA) and the Developer. They are a project management tool to enable the processing of, in particular, 'Major' planning applications. They are agreed in the spirit of a memorandum of understanding and are not intended to be a legally binding agreement. They are normally signed by the developer or his agent, the LPA and if relevant to the progress of the agreement, by key third parties.
4. PPAs must not have any implication on the decision in relation to the application or deflect resources away from the processing of other applications. The existence of a PPA removes the statutory time limits for determining the application and is a further means of ensuring that the City complies with its performance targets.
5. PPAs will normally cover the pre-application and planning application phase of a development proposal and can extend to matters beyond the formal application process for example to allow programming of the negotiation of any section 106 agreement as well as related non planning consents (which could perhaps include consents such as highway agreements under section 278 of the Highways Act 1980). They might also provide a basis for voluntary contributions offered by a developer to assist with abnormal costs of processing the application (so long as such payments do not exceed the cost of the additional work, do not have implications for the decision on the application and do not deflect resources from other cases). PPAs may be used in the post permission phase to ensure that multiple conditions are submitted and agreed in accordance with an agreed programme to ensure compliance.
6. There is no set model for PPAs and it is for the LPA and the Developers to agree suitable terms. Other local planning authorities' PPAs vary considerably in their complexity. Informal soundings with City developers have indicated that they would favour as far as possible the most straight forward approach to a PPA and would not oppose their introduction provided the good service provided by the City was retained and enhanced.

7. A broad based PPA would include an agreed timetable, responsibility for tasks, the agreed officers and the development objectives. They would be an ideal mechanism for agreeing the timing of community engagement and would include identifying the communities involved, the process of engagement and the best approach to incorporating their views. They could include clauses that would enable the timescale to be reviewed if external factors necessitated this. They could allow for early consideration of highways/section 278 considerations in suitable cases and therefore, might include an agreed timetable for the early consideration and entering into of S106 and section 278 agreements (which would be applicable in most 'Major' cases where the Committee might agree a scheme in principle).

Current Position

8. The City has always provided a comprehensive pre application advice service and this is very well regarded by the development industry. Charges for pre-planning application meetings were successfully introduced in 2010 as a means of setting off non-statutory function costs.
9. The majority of other London planning authorities have introduced a chargeable PPA regime.
10. The City Planning Officer was reluctant to introduce PPAs because of the City's unique role in facilitating the development required to deliver the world financial centre. He was concerned also that with a charging regime developers would not have been so willing to engage in extensive pre-application discussions that enabled proposals to be developed so that they could be recommended for approval.

Proposals

11. It is recommended that Members agree to consider the principle of the introduction of PPAs and if the Members agree, the principle that:
 - 1) The proposal to introduce PPAs is the subject of consultation with key stakeholders.
 - 2) Draft indicative agreement or agreements are prepared (to take account of different circumstances and scales of development) and
 - 3) the draft(s) are the subject of consultation with key stakeholders
 - 4) A scale of charges is prepared and subject to consultation with key stakeholders
 - 5) Any agreed PPA format(s) and scale of charges be delegated for decision to the Chief Planning Officer in consultation with the Chamberlain and Chairman and Deputy Chairman of the Planning & Transportation Committee.

Corporate & Strategic Implications

12. The income generation cost cutting review identified the development management service as being more costly than some other local planning authorities in London. The introduction of PPAs could be a means of enabling development management to assist in offsetting its costs in providing its non-statutory functions whilst ensuring that the standard of service is maintained and enhanced.
13. PPAs could improve the quality of planning decision making and provide a collaborative process with developers and stakeholders of more complex

development proposals. It could also enable some processes such as the negotiation of planning and highways agreements to be brought forward in the negotiating process.

14. The divisional plan within the DBE Departmental Business Plan 2016/19 undertakes to investigate the use of PPAs.

Implications

15. A PPA is required to reflect the additional costs incurred by the LPA in providing services beyond its statutory responsibilities and are additional to the relevant planning application fee. Any charge must be on a not for profit basis in accordance with Section 93 of the Local Government Act 2003 and, taking one year with another, the income from charges for such services must not exceed the cost of providing them.
16. The Corporation currently charges for pre-application meetings in respect of a variety of applications including 'Major' schemes. 'Major' schemes generate between £90,000 and £100,000 a year. This figure fluctuates in part due to the stages certain applications are at and due to market conditions and because of this, the receipts are taken into the central risk budget. This income would substantially fall away if PPAs were adopted, except for meetings in relation to schemes that are large enough to attract a fee but not large enough to be appropriate for a PPA.
17. Approximately 20 'Major' schemes are received per year. Some of these are new applications for major schemes which may be appropriate for PPAs and some of them vary previously approved schemes or are not particularly substantial which may not be appropriate for PPAs. If PPAs were to be entered into for the types of schemes where they were appropriate, with an approximate average fee of £25,000, the City could receive up to £200,000 less the sums which would be lost from the current pre-application charging fees system. There will be an administrative cost to implement an agreement and officer time to agree the terms. This could result in an approximate additional annual income of £100,000. Clearly, this could not be guaranteed and would be impacted by the fluctuations referred to above and the type and nature of applications and by the terms of the agreement. These figures were based on an assessment of 2015/16 'major' planning applications.

Conclusion

18. PPAs are a collaborative process between the Local Planning Authority (LPA) and the Developer. They are a project management tool to enable the processing of 'Major' planning applications.
19. Informal discussions have shown that the development industry would not oppose the introduction of a simple chargeable PPA regime.
20. It could provide for an appropriate charging regime for PPAs in relation to the City's non-statutory functions at a cost commensurate with the service provided by the City, offsetting some of the cost of the development management service in line with the cost cutting review.
21. PPAs could be a means of enabling the development management service to improve the quality of the planning decision making process providing a framework for a collaborative management process with developers and

stakeholders on more complex development proposals as well as enabling some processes such as the negotiation of planning and highways agreements to be brought forward.

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