

# Executive

## Value for Money Review of Development Control and Major Developments

1 November 2010

### Report of Strategic Director for Planning, Housing & Economy and Improvement Project Manager

#### PURPOSE OF REPORT

To consider the findings of the Value for Money Review report for Development Control and Major Developments (DC&MD VFM Review) and the recommendations arising from the report

This report is public

#### Recommendations

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The Executive is recommended:

- (1) To endorse the updated VFM Review conclusion that the DC&MD service:
  - a. has exceed delivery of the savings target from the 2007 full VFM Review and delivered all the key improvements
  - b. has driven down its costs since the full VFM Review was undertaken
  - c. although, on the face of it, is above average cost, analysis shows core service costs would be closer to average when local factors and accounting practices of other comparator authorities are taken into account
  - d. has good performance and productivity, provides good quality with improving levels of customer satisfaction
  - e. is at a balanced point. There is capacity to cope if applications increase, though this may be at the expense of performance, but with the flexibility to down-size the service relatively quickly if income or applications decline.
- (2) To adopt the following recommendations from the update VFM Review, changing the way the service is delivered in the future, achieving savings of up to £167k and, thereby, reducing the Council's reliance on Housing and Planning Delivery Grant.

### **Savings:**

- a. Reduce application advertising by only placing the minimum legal level requirement in the Oxford Times, saving £76k per annum
- b. Remove duplication in minor application publicity (mainly neighbourhood notifications), saving £3k per annum
- c. Introduce e-consultation to all parishes and internal and external consultees, saving £15k per annum
- d. Reduce the professional fees budget by £20k per annum by no longer utilising the services of agricultural/retail specialist advice in routine applications
- e. Deletion of a vacant, part-time, career planner post, saving £7k per annum
- f. In the event that fee income remains the same or declines, reduce staff establishment costs by ending the temporary contract to “backfill” resources allocated to the Eco Town project. This gives budget flexibility of £46k and, should there be a small upturn in fee income, allows for the continuation of this temporary post.

### **Income:**

- g. Introduce charges for pre-application advice from 2011/12. It is estimated that income in the region of £10K per annum may be achievable.

### **Service Improvements:**

- h. Redirect staff resources released by the changes in service delivery associated with achieving the savings above, to improve support for the application process and other resource pinch points (especially speed of validation/registration).
- (3) To note the endorsement of the findings of this Review by the Performance Scrutiny Working Group at its meeting on 21 September 2010 and their request that further consideration be given to a more efficient and less costly way of undertaking Ward Notifications such as using the e-mail system or appending Notifications to the Members' Newsletter.

## **Executive Summary**

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### **Introduction**

- 1.1 This review forms part of the Value for Money programme of reviews, which aims to cover all services within the council and improve the value of services offered to residents of Cherwell.
- 1.2 DC&MD has been selected for a “VFM Update” in 2010. It had previously been assessed as part of the 2007 VFM Programme as being a relatively

high cost service.

- 1.3 As part of this Review, Performance Scrutiny Working Party members have considered it in detail stemming from their concerns regarding the Council's performance on major applications.

### **Proposals**

- 1.4 To adopt the recommendations of the updated VFM Review 2010 in full.
- 1.5 To note the endorsement and contribution provided by Performance Scrutiny Members.

### **Conclusion**

- 1.6 This updated review proposes changes to the way the service will be delivered, reducing the Council's reliance on Housing and Planning Delivery Grant. It proposes an additional income stream and enables a refocus of released resources to improve some service areas.

## **Background Information**

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### **Overview of the Area**

- 2.1 Development Control and Major Developments delivers a statutory council function that primarily involves the determination of planning applications. In Cherwell the service is central to the Council's aims and objectives for the district and has a strong track record of ensuring high quality development with maximum benefit to the wider community. The service is comprised of four elements:
- Development Control & Major Developments (75%)
  - Enforcement (15%)
  - Affordable Housing – Rural Exception Sites (5%)
  - Trees (5%)
- 2.2 The issues facing the service since the 2007/08 Full Value for Money Review include:
- The economic downturn and its impact on fee income
  - The Eco Town Bicester Project
  - Greater resource devoted to rural affordable housing projects
  - Major Public Inquiries
  - Rise in complex non fee paying work in relation to the renegotiation of planning obligations (due to recession)
  - Change of Government confirming removal of the £140k Housing and Planning delivery Grant allocated to this service for the last 3 years
- 2.3 The service employs 19.4FTEs in 2010 with net actual expenditure of £1.2m in 09/10, down £414k over three years.

### **Updated VFM Review Findings in 2010**

- 2.4 Appendix 1 contains the Executive Summary of the updated VFM Review
- 2.5 Since 2007/8, the service has delivered more than asked of it in the original Value for Money Review, delivering £106K savings against a target £100K in specific budget areas. Further, the service has delivered major process and productivity efficiencies, including:
- revised scheme of delegation
  - moving to a single Planning Committee
  - introduction of public speaking
  - application administration improvements
  - planning enforcement systems and response levels.
- 2.6 In reaching a updated VFM conclusion, the Council has been compared with its family of similar local authorities as defined by CIPFA.

### **VFM Conclusion 2010**

- 2.7 The Development Control and Major Development service has driven down costs over the period 2007/08 to 2009/10.
- 2.8 Compared to other similar authorities, on the surface, Cherwell is above

average cost. However, analysis shows variations across authorities in accounting practice and treatment of Housing and Planning Delivery Grant. Further, Cherwell has made significant investment in areas of local priority, such as conservation and enforcement. Taking all these factors into consideration, Cherwell's costs for its core service would be closer to the average cost for the family group.

- 2.9 The service has high performance in terms of processing the majority of planning applications, but, arising from Council policy, performance on major applications is well below the national target.
- 2.10 The service handles higher than average numbers of applications for the size of population and is highly productive, in terms of throughput of applications, by being focused on core activity. Any increase is likely to place the performance of the service under strain. There are also bottle necks in the administration team at the point of registration and validation of applications.
- 2.11 The service offers good quality in terms of achievement at appeals and has improving levels of customer satisfaction.
- 2.12 The overall conclusion of the review is that the service is at a balanced point. There is in-house capacity to cope with the early signs of a market recovery, though this may be at the expense of performance, but with flexibility presented by continuing the temporary planner post to down-size the service if income or applications decline.
- 2.13 This review recommends:
  - a number of changes to improve service delivery and achieve savings of up to £167k, as outlined in detail below
  - a proposal that the Council introduces charging for pre-application advice to secure additional income of £10k
  - the final savings achieved must be at least £140k pa from 2011/12 in order to remove the service's reliance on Government Housing and Planning Delivery Grant.

## **Making Service Changes and Improvements**

### **Savings:**

- 2.14 Reducing the advertising spend to £15K will realise savings, based on 2009/10 costs, in the region of £76K per annum, by:
  - Reducing press advertising to the minimum legal level, an approximate reduction in advertising of 85% of all applications submitted is achieved
  - Placing adverts in one title only, the Oxford Times. The Oxford Times is the only newspaper that gives district wide coverage, The Banbury Guardian and Bicester Advertiser do not offer this coverage
  - Consequently, reduce DC&MD Advertising Budget to £15k.
- 2.15 Remove duplication in minor application publicity (mainly neighbourhood notifications) saving £3k per annum, by:
  - Notification of a minor application to be by the display of a site notice only

- Site notices are to be posted by the applicant/applicants agent with guidance issued on the display of the notice and checking for compliance undertaken by the case officer at the site visit stage
  - Redirection of released staff resource to improving support for the application process and addressing current resource pinch points (especially speed of validation / registration)
- 2.16 Introduce e-consultation to all parishes and internal and external consultees, saving £15k per annum, by:
- Introducing e-consultation to all parishes and internal and external consultees allowing a saving of £15k per annum in application associated print costs
  - Redirection of released staff resource to improving support for the application process and addressing current resource pinch points (especially speed of validation / registration).
- 2.17 Reduce the professional fees budget by £20k per annum by no longer utilising the services of agricultural/retail specialist advice in routine applications, as follows:
- The Council regularly utilises advice from retail and agricultural specialists on more routine cases. This amounts to around £20K per annum of the professional fees budget.
  - Ensuring the applicant utilises a suitably qualified consultant with the Council's case officer critically evaluating the submission.
- 2.18 An immediate staff establishment saving of £7k pa is possible. Staff establishment savings of a further £46k are available through the ending of the temporary Senior Planning Officer post should that be required as part of the assessment of realist fee income expectations in the 2011/12 budget process, as follows:
- The service plans its 2011/12 budget on the basis of maintaining flexibility to balance temporary staffing (value £46k) against realistic projections of fee income. The workload and capacity position is such that the temporary Senior Planning Officer post should continue unless the budget position worsens significantly.
  - One part-time, vacant career grade planner post be deleted from the establishment with an annual saving £7k.
  - All other posts will be are frozen when they become vacant, unless fee income can support a temporary role, or an internal low cost career progression change.
  - In the event that fee income remains the same or declines, reduce staff establishment costs by ending the temporary contract to "backfill" resources allocated to the Eco Town project. This gives budget flexibility of £46k and, should there be a small upturn in fee income, allows for the continuation of this temporary post.

**Income:**

- 2.19 Introduce charges for pre-application advice from 2011/12. It is estimated that income in the region of £10K per annum may be achievable.
- 2.20 The approach proposed for Cherwell is to introduce charges for general pre-application advice from 2011/12, if not earlier. A business case will be

developed as part of the 2011/12 service planning process and savings blocks around a fee structure and to which types of applications to levy a charge. Initial estimates show that income in the region of £10K per annum is achievable as a new income source to the Council.

### **Service Improvements:**

- 2.21 The service has high performance in terms of processing the majority of planning applications, but, arising from Council policy, performance on major applications is well below the national target. The service is also highly productive, in terms of throughput of applications, by being focused on core activity. The service is handling around 200 application cases per planner per year, compared to the national Planning Advisory Services' yardstick of 150. This shows that the service is achieving high levels of performance and productivity, achieved by a stronger focus on priorities. Any increase in applications is likely to place this under strain.
- 2.22 However, there are currently bottle necks in the administration team at the point of registration and validation of applications. Productivity and customer service can also be judged by the time taken to register a planning application. The national standard is to undertake the notification processes within 2 days of receipt of an application, but at Cherwell this can sometimes take up to 2 weeks.
- 2.23 It is proposed to address this issue and its impact on overall performance by redirection of staff resources released by the savings changes above, to improve support for the application process and other resources pinch points (especially speed of validation/registration).
- 2.24 Following the Performance Scrutiny Working Group's consideration of this Review, it is proposed that further consideration be given to a more efficient and less costly way of undertaking Ward Notifications such as using the e-mail system or appending Notifications to the Members' Newsletter.

### **Implications**

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**Financial:** The review has demonstrated that the DC&MD service is, on the face of it, above average cost. However, if exceptional factors are taken into consideration, the service moves closer to average cost. Savings of over £140K have been identified from 2010/11, which removes the Council's reliance on Housing and Planning Delivery Grant which this service has benefitted from for 3 years. Additional income of £10K is proposed through the introduction of a pre-application charging scheme and this will contribute towards the Council's savings building blocks.

Comments checked by Karen Curtin, Head of Finance 01295 221551

**Legal:** New service delivery channels and methods are being introduced and those currently used being reduced. These proposed service changes are within the legal requirements placed on the Council to meet its statutory obligations.

Comments checked by Nigel Bell, Solicitor, Legal & Democratic Services 01295 221686

**Risk Management:** There are risks associated with migrating customers away from current service delivery methods to the proposed new approaches. Introduction of the new schemes will need to reflect this transition period. A reduction in expenditure by the Council also represents a potential loss of income within the economy. Specifically introducing a new charging regime for pre-application advice may potentially distort the current service pattern and customer behaviour. This will need to be monitored closely. Professional Indemnity Insurance may be required and this is being assessed. Any loss of experienced staff and therefore reduced capacity in the service represent a risk for service continuity.

Comments checked by Rosemary Watts, Risk Management and Insurance Officer 01295 221566

**Data Quality** Base data for comparison has been the Revenue Estimates 2010/11 from the Council's CIPFA defined group of similar authorities. In reaching conclusions, the final data used has been augmented with contributions received direct from a number of the comparator authorities. Other source information has been used that follows best practice guidelines such as the Council's own satisfaction surveys. Financial data/comparison has been prepared by the relevant service accountant.

Comments checked by Neil Lawrence, Project Manager, Improvement 01295 221801

**Wards Affected**

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All

**Corporate Plan Themes**

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An Accessible, Value for Money Cherwell

**Executive Portfolio**

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Councillor Michael Gibbard, Portfolio Holder for Planning and Housing  
 Councillor Ken Atack, Portfolio Holder for Performance Management, Improvement and Organisational Development

**Document Information**

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Appendix No	Title
Appendix 1	Value for Money Update Review of DC&MD: Executive Summary
<b>Background Papers</b>	
2007 Full VFM Review and Planning Improvement Plan	
<b>Report Author</b>	Alison Davies, Improvement Project Manager
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The update VFM Review of Development Control and Major Developments:

- revisits what was agreed in the 2007/08 Value for Money Review of Development Control and Major Developments
- evaluates the implementation of the recommendations and £100k saving target
- makes further recommendations for improving value for money and achieving savings. The savings are essential to compensate for the loss of £140k Housing and Planning Delivery Grant from 2011/12 and effectively this sets a savings target, which does not contribute to the Council's overall budget position, it only maintains the status quo.

### **Progress since the full Value for Money Review 2007/08**

All the key improvements and savings agreed in the 2007/08 Value for Money Review have been delivered. Highlights include:

- £106k saving achieved against a target of £100k
- Process and productivity efficiencies made, including:
  - revised scheme of delegation
  - moving to a single Planning Committee
  - introduction of public speaking
  - application administration improvements
  - planning enforcement systems and response levels.

### **Value for Money conclusion 2010**

In reaching a VFM conclusion, the Council has been compared with its family of similar local authorities as defined by CIPFA.

The Development Control and Major Development service has **driven down costs** over the period 2007/08 to 2009/10.

Compared to other similar authorities, on the surface, Cherwell is above average cost. However, analysis shows variations across authorities in accounting practice and treatment of Housing and Planning Delivery Grant. Further, Cherwell has made significant investment in areas of local priority, such as conservation and enforcement. Taking all these factors into consideration, Cherwell's **costs for its core service would be closer to the average cost for the family group.**

The service has **high performance** in terms of processing the majority of planning applications, but, arising from Council policy, performance on major applications is well below the national target.

The service handles **higher than average numbers of applications** for the size of population and is **highly productive**, in terms of throughput of applications, by being focused on core activity. Any increase is likely to place the performance of the service under strain. There are also bottle necks in the administration team at the point of registration and validation of applications.

The service offers **good quality** in terms of achievement at appeals and has **improving levels of customer satisfaction.**

The overall **conclusion of the review is that the service is at a balanced point.** There is in-house capacity to cope with the early signs of a market recovery, though this may be at the expense of performance, but with flexibility presented by continuing the temporary planner post to down-size the service if income or applications decline.

## **RECOMMENDATIONS**

This review recommends:

- a number of changes to improve service delivery and achieve savings of up to £167k, as outlined in detail below
- a proposal that the Council introduces charging for pre-application advice to secure additional income of £10k
- the final savings achieved must be at least £140k pa from 2011/12 in order to remove the service's reliance on Government Housing and Planning Delivery Grant.

Key recommendations are:

### **Savings:**

- Reduce application advertising by only placing the minimum legal level requirement in the Oxford Times, saving £76k per annum
- Remove duplication in minor application publicity (mainly neighbourhood notifications), saving £3k per annum
- Introduce e-consultation to all parishes and internal and external consultees, saving £15k per annum
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### **Income:**

- Introduce charges for pre-application advice from 2011/12. It is estimated that income in the region of £10K per annum may be achievable.

### **Service Improvements:**

- Redirect staff resources released by the changes in service delivery associated with achieving the savings above, to improve support for the application process and other resources pinch points (especially speed of validation/registration).