

**AGENDA MANAGEMENT SHEET**

**Name of Committee** Cabinet

**Date of Committee** 12th October 2006

**Report Title** Government Consultations on Planning Delivery Grant: 'Allocations Criteria for 2007/8' and 'Housing and Planning Delivery Grant'

**Summary** The Director's report concludes that the response to these consultations should emphasise the unfair nature of the proposed Planning Delivery Grant 'Allocations Criteria for 2007/8' and the need for it to be revised to reward consistent high performance, including meeting the latest agreed targets and milestones. On the proposed replacement grant, the 'Housing and Planning Delivery Grant', the report concludes that proposed direct payments to councils runs the risk of replacing the 'plan-led' with a 'money-led' planning system. Instead, incentives should be geared to providing more support for plan-making.

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**Would the recommended decision be contrary to the Budget and Policy Framework?** Yes/No

**Background Papers** None

**CONSULTATION ALREADY UNDERTAKEN:-** *Details to be specified*

Other Committees  .....

Local Member(s)  .....  
(With brief comments, if appropriate)

Other Elected Members  Councillor P Barnes )  
Councillor M Jones ) for information  
Councillor P Morris-Jones )

Cabinet Member  
(Reports to The Cabinet, to be cleared with appropriate Cabinet Member)

Councillor C Saint – OK for Cabinet to consider.

Chief Executive

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Legal

I Marriott - agreed

Finance

.....

Other Chief Officers

.....

District Councils

.....

Health Authority

.....

Police

.....

Other Bodies/Individuals

.....

**FINAL DECISION**

**YES/NO** (If 'No' complete Suggested Next Steps)

**SUGGESTED NEXT STEPS :**

*Details to be specified*

Further consideration by this Committee

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To Council

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To Cabinet

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To an O & S Committee

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To an Area Committee

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Further Consultation

.....

**Cabinet - 12th October 2006**

**Government Consultations on Planning Delivery Grant:  
'Allocations Criteria for 2007/8' and 'Housing and Planning  
Delivery Grant'**

**Report of the Strategic Director for  
Environment and Economy**

**Recommendation**

That the Director's report be endorsed and the response to these consultations emphasise the following:-

1. The proposed Planning Delivery Grant 'Allocations Criteria for 2007/8' would be unfair on councils such as Warwickshire County Council. It should be revised to reward consistent high performance, including meeting the latest agreed targets and milestones.
2. The proposed 'Housing and Planning Delivery Grant' direct payments to councils runs the risk of replacing the 'plan-led' with a 'money-led' planning system. If incentives are to be used then they should be geared to housing levels set out in adopted development plan documents with allocation of grant providing more support for plan-making.

**1. Background**

- 1.1 Planning Delivery Grant (PDG) was introduced in 2003/4 as a temporary expedient to improve performance in handling planning applications by enabling local authorities to invest in IT, training and staff. Subsequently, for 2004/5, its scope was then widened to support Local Development Frameworks (LDFs), e-planning and housing growth. It was also 'top-sliced' to fund national advisory bodies and the Regional Planning Bodies. By 2007/8, a total of £605 million will have been allocated to local authorities through PDG and, according to Government, it has improved local authorities' development control performance and the expansion of the new system of Local Development Frameworks (LDFs).
- 1.2 County Councils have qualified for PDG based on performance on E-planning, Plan-making; and determining County Matter Applications. During this period, Warwickshire County Council received a total PDG of £292,000 (£79,000 - 2004/5; £136,000 – 2005/6; £77,000 – 2006/7). This reflected performance in:-

- (i) Meeting targets for E-planning (for which it recently received a national award).
  - (ii) Meeting the latest published 'milestones' set out for plan-making in the Minerals and Waste Development Scheme agreed with Government.
  - (iii) Consistently exceeding targets for the speed of determination of minerals and waste planning applications (in the top 4 of County Council performers for the last four years).
- 1.3 The PDG allocated to WCC has been directed to supporting E-planning (64%) - to meet increasingly demanding Government criteria, and the preparation of the waste and minerals development core strategy documents (36%) – including the use of external resources to support consultation and sustainability appraisal.
- 1.4 The current PDG scheme is due to end with the 2007/8 allocation and to be replaced. The current consultations are on the criteria for the last allocation of the current scheme (see section 2 below) and the structure of the new scheme to replace it (see section 3).

## **2. Allocations Criteria 2007/8**

- 2.1 The overall national 'pot' for PDG is to be reduced from the £135 million allocated for 2006/7 to £120 million for 2007/8. The majority of categories are proposed to lose grant. The largest reduction is proposed to be achieved by abolishing the category for the improvement of speed in handling planning applications (£17 million allocated in 2006/7). There are proposed increases in the total amount of grant available for housing delivery and meeting application handling targets per se.
- 2.2 E-planning: The overall pot is £7.7 million – equivalent to about £20,000 (max) per authority. Funding is divided into 3 weighted bands (20%, 40%, 40%) with success measures tied to the degree of sophistication of the system. Realistically, the County Council could only expect to achieve results in two out of these bands to secure an overall 60% score. This would translate into an award of £12,000 for 2007/8 – less than half the E-planning grant received for 2006/7.
- 2.3 Plan-Making: The allocation of PDG is proposed to be based on the achievement of the milestones in the original Development Schemes submitted to Government in March 2005. The proposed criteria ignores any subsequent revisions to timetables agreed with Government, such as those made to the Minerals and Waste Development Scheme (MWDS) by the County Council. (NB. This revision to the MWDS was made on the advice of Government Office because of the late receipt of guidance from Whitehall). If this criterion were to be confirmed then the County Council would be penalised.
- 2.4 Ironically, it seems that the two West Midlands district authorities who raced to be the first in the country to have adopted Local Development Documents (LDDs) would score the maximum - having reached their original March 2005 milestones well on time. However, this would be in spite of the fact that both of

their public examination inspectors have declared that the plans are 'unsound' due to deficits in the evidence base and consultation processes – and so they will have to start the processes again from the beginning.

- 2.5 'County Matter' Applications – Whilst district council performance in this area is proposed to be based on meeting application handling targets per se, County Councils are proposed to be rewarded PDG on the improvement in the speed of handling planning applications over the previous three years. This County Council has been a best performing authority for the past four years, reflecting an optimum performance that balances speed and quality - including 100% customer satisfaction and a very low level of appeals. However, since Government proposes to reward County Councils for 'speed of improvement over the last 3 years', being consistently at the top, the Council will receive little or nothing under the proposed criteria under this heading (as was the case for 2006/7).
- 2.6 Conclusions: In general, despite good performance in the qualifying areas, it seems that the amount of PDG that the County Council can expect this year under the proposed allocation criteria is likely to be smaller (perhaps much smaller) than previously allocated to the County Council. This implies serious financial implications, particularly for public examinations into the waste and minerals core strategies and improvement of our planning application system to meet e-planning criteria, in 2007/8 and subsequent years. However, since a fall in performance can be expected to affect what PDG is available under this proposed allocation, these significant pressures will have to be reflected in the County Council's current budget cycle for 2007/8. Consequently, to ease the severity of this situation, Government should be urged to apply criteria for 2007/8 to reward consistent high performance, meeting the latest agreed milestones and the 'soundness' of the results.

### **3. Housing and Planning Delivery Grant**

- 3.1 In December 2005 the Government announced, as part of its response to Kate Barker's Review of Housing Supply, to replace the current PDG scheme and consult on a new scheme focussed on providing planning and housing delivery incentives. The aim was to "...improve the financial framework within which local authorities are able to respond to the housing needs of their communities". It is also proposed that the new grant should continue to support new plan making and the frontline work of planning advisory services. The consultation paper sets out principles and potential options that the Government could use to develop a new housing and planning delivery grant and canvasses a range of potential elements that could feature in the design of such a scheme.
- 3.2 No longer is PDG proposed to be geared to improvements in speed of determining planning applications. Instead, it is proposed to be based on performance in delivering housing numbers - an 'incentive' scheme "...for local authorities to respond positively to local housing pressures". Consequently, this has most direct impact in the shire areas on the district councils.
- 3.3 However, the County Council should be concerned, from a strategic perspective, if the mechanics of the new scheme were not closely geared to the levels,

locations and rates of housing development spelt out in the Regional Spatial Strategy and local development documents/plans. Otherwise, those districts more attractive to the private housing market are likely to come under irresistible pressures from house-builders, praying-in-aid Government backing.

- 3.4 Although this consultation paper proposes to keep PDG for plan-making, it gives little clue as to the criteria for allocating the available funds. If the criteria are the same as that proposed for the 2007/8 allocation (i.e. awarding grant against our the 'first stab' at setting a programme) then the prospects of funding from this source appear limited. In any event, since most of the money seems to be heading for the district council function of determining housing planning applications, the 'pot' available for supporting the new mineral & waste development documents is likely to be small.
- 3.5 Conclusions: This proposal seeks to persuade local planning authorities to take decisions on applications for housing development differently than they do currently. However, there are more orthodox ways of rebalancing the weight to be attached to the factors that local planning authorities have to consider (for example, by issuing new/revised national planning guidance – PPSs). Direct payments to councils runs the risk of replacing the 'plan-led' system to one that is 'money-led'. Therefore, at the very least, incentives should be geared to housing levels set out in adopted development plan documents (i.e. rather than externally generated projections of market trends). Government support for its new development framework should be better reflected in the PDG allocations that flow from the new grant.

JOHN DEEGAN  
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20th September 2006