



Consultation response form - Proposals for changes to planning application fees in England

We are seeking your views on the following questions on the Government's proposal for changes to planning application fees in England.¹ **If possible, we would be grateful if you could please respond by email.** Alternatively, we would be happy to receive responses by post.

Email responses to: julian.wheeler@communities.gsi.gov.uk

Written responses to:

Julian Wheeler
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SW1E 5DU

(a) About you

(i) Your details

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¹ CLG (2010) Proposals for changes to planning application fees in England: Consultation document
(see: www.communities.gov.uk/planningandbuilding/planning/planningpolicyimplementation/planningfeesconsultation)

(ii) Are the views expressed on this consultation an official response from the organisation you represent or your own personal views?

- Organisational response
- Personal views

(iii) Please tick the *one* box which best describes you or your organisation:

- Private developer or house builder
- Housing association or RSL
- Land owner
- Voluntary sector or charitable organisation
- Business
- Parish council
- Local government (i.e. district, borough, county, unitary, etc.)
- Regional government
- National Park
- Other public body (please state)
- Other (please state)

(iv) What is your main area of expertise (please tick as many boxes that apply)?

- Planning
- Legal
- Housing
- Economic or commercial development
- Environment
- Transport
- Other (please state)

(v) Do your views or experiences mainly relate to a particular geographical location?

- South West
- South East
- East of England
- East Midlands
- West Midlands
- North West
- Yorkshire and The Humber
- North East

- London
- All of England
- Other (please comment)

(vi) Would you be happy for us to contact you again in relation to this consultation?

- Yes
- No

(b) Consultation questions

Question 1:

1. **Do you agree that each local planning authority should be able to set its own (non-profit-making) planning application fee charges?**

- Strongly Agree**
- Agree**
- Neither agree nor Disagree**
- Disagree**
- Strongly Disagree**

Explanation/Comment:

The Arup report which is used as the basis for these proposals is fundamentally flawed and conclusions incorrectly drawn from it. In particular the figures are not representative of planning applications submitted by mineral operators, the fees from which we firmly believe are often used to subsidise the service provided to lower fee payers. The amount of resource that will have to be devoted by planning authorities to gathering processing and storing data to support and defend their charging regimes is an unjustifiable new overhead.

Further comment is included in the MPA position statement appended to this pro-forma response.

Question 2:

2. **Do you agree that local planning authorities should be allowed to decide whether to charge for applications that are resubmitted following withdrawal or refusal?**

- Strongly Agree**
- Agree**

- Neither agree nor Disagree**
Disagree
Strongly Disagree

Explanation/Comment:

This facility is advantageous to developers and planning authorities alike. The flexibility provided by free resubmissions, encourages issues that arise during the processing of applications to be addressed and avoids more frequent recourse to the appeal system.

Further comment is included in the MPA position statement appended to this pro-forma response.

Question 3:

- 3. Do you agree that local planning authorities should be able to set higher fees for retrospective planning applications?**

- Strongly Agree**
Agree
Neither agree nor Disagree
Disagree
Strongly Disagree

Explanation/Comment:

Planning application fees should not be used as a punitive measure. Retrospective planning applications are necessary for a wide range of reasons and are made for the benefit of both planning authorities and developers. Excessive fees may well encourage developers to seek resolutions through the enforcement process.

Further comment is included in the MPA position statement appended to this pro-forma response.

Question 4:

- 4. Are there any development management services which are not currently charged for but should require a fee?**

- Yes**
No

Explanation/Comment:

Currently no charge is made for the submission of Periodic Review application. Such applications are costly for mineral operators to produce but add nothing to the value of the operations. Any benefits from the formalisation of improved operating standards accrue to the public and it is appropriate that the public bear a part, albeit a relatively small part of the cost of the review process.

Further comment is included in the MPA position statement appended to this pro-forma response.

Question 5:

- 5. Are there any development management services which currently require a fee but should be exempt from charging?**

Yes
No

Explanation/Comment:

Pre-application discussions are acknowledged by all parties to be beneficial but it is becoming common practice for charges to be levied. In some cases standard charges have been adopted which exceed the cost of the application fee itself. The vast range of these fees all of which are supposedly set against a "cost recovery only" background, is also indicative of the situation which could arise if authorities are given a similar free hand to set their own application fees.

Further comment is included in the MPA position statement appended to this pro-forma response.

Question 6:

- 6. What are the likely effects of any of the changes on you, or the group or business or local authority you represent?**

Comments:

Any increases in planning application fees must be viewed in the context of a growing regulatory regime and the cumulative burden that has been placed on mineral operators. Unlike other developers, mineral operators already pay the highest planning fees (around half of all applications reach the maximum fee level), pay planning monitoring fees and must make review applications. In addition, the requirement for environmental permits is burgeoning. There are already serious concerns about the value for money currently offered by the planning system. MPA members can see no evidence in these proposals will enable those concerns to be addressed

Question 7:

7. **Do you think there will be unintended consequences to these proposals?**

Yes
No

Comments:

The MPA is particularly concerned about the financial effect the proposals could well have upon smaller mineral operators. In view of the concerns expressed in relation to Question 6, these operators who are important to the overall pattern of sustainable aggregate supply and to provision of other essential industrial minerals, are more vulnerable to the effects of such changes. Some minerals are only available in specific areas of England and authorities in those areas could use high fees to discourage new working.

Further comment is included in the MPA position statement appended to this pro-forma response.

Question 8:

8. **Do you have any comment on the outcomes predicted in the Impact Assessment, in particular the costs and benefits (See Annex B)?**

Yes
No

Comments:

Comment is included in the MPA position statement appended to this pro-forma response.

APPENDIX

MPA Position Statement

CLG Planning Fees Consultation November 2010

Executive Summary

- We question the need to change the current planning fee arrangements given that evidence gathered by Arup shows that if fees had been increased in line with

inflation and the recession hadn't occurred, there would have been no shortfall in income.

- We are sceptical that the Government's proposals will result in improvements to the planning service, whilst its declared safeguards against abuse of the new system are not credible.
- The proposals fail to take into account the unique nature of the minerals industry:
 - Generic planning costs for the MPA (excluding archaeology and Section 106 costs) typically range from £100,000 per site for sand and gravel to over £800,000 per site for crushed rock.
 - Planning fees account for between 7.5% and 14% of these planning costs with the majority falling within the upper part of the range (12-14%). This is a far cry from the government's estimate that planning fees represent 0.25% of development costs.
 - 88% of fees came from applications requiring an EIA (over 15 ha), and over 52% of fees were from sites reaching the maximum of £65,000 per application.
- The planning service is poor value to the MPA with mineral applications routinely taking between 28 and 33 months to process, a situation that has not changed significantly for at least a decade and despite the industry's increasing investment in pre-application discussions and the provision of ever more volumes of information in support of proposals.
- Since 2005 the planning fees paid by our members have risen by 2.5 times.
 - Between 2006 and 2008 the MPA spent a total of £2.25 Million on planning application fees in England at an average spend of £30,200 per application (63% sample).
 - England has the most expensive planning fees in the UK, and Scotland the cheapest (largely because it retains the pre 2005 charging structure).
- We have modelled a number of scenarios of potential cost increases to the MPA in England based on applications submitted in 2008.
 - A 20% all round increase in fees could cost the industry £1.23 Million per year.
 - Other scenarios render costs of between £1.4 and £1.6 Million per year.
 - However, since the average size of application is 46.1 ha, which is close to the size where the maximum fee applies (54.7 ha), the MPA would be most vulnerable to any local authority who decides to abolish the maximum fee.
- The proposals will create a public sector monopoly with a guaranteed income that will act as a disincentive to efficiency. The proposals should allow for the privatisation of development management in order to introduce competition into the service and help retain efficiency.
- The Arup report points to an alternative way of providing for cost recovery which is to increase fees each year in line with inflation, and to more quickly adjust local authority cost structure to income, which would bring it into line with the private sector.

- The MPA is most concerned that ROMPs (periodic review) is not charged for. We expect to submit 464 ROMPs in the next 15 years or a rate of 31 per year, which if charged for at the same rate as new development will double our planning fee bill. ROMPs do not increase land values and add nothing to the economic value of our operations save that without them we cannot continue our business. Since they are an imposition by government in the public interest and offer no advantage to the operator, we believe they should continue to be resourced from public funds.
- 43% of the MPA planning applications submitted during 2006-2008 were preceded by pre-application discussions and the average time spent on this activity was 16 months per application. Most mineral planning authorities do not charge for pre-application discussions. We are concerned that authorities should not be encouraged to start making charges because it is important for the wider public benefit and efficiency of the service to encourage such discussions. Making charges for them on top of a substantial hike in fees, and without evidence that discussions significantly reduce total determination times, may lead operators to abandon pre-application discussions.

MPA Response to CLG Planning Fees Consultation November 2010

Question 1

Do you agree that each local planning authority should be able to set its own (non-profit-making) planning application fee charges?

General comments

No. We view with alarm the proposals to let local authorities set their own levels of planning fees and view with scepticism, the government's assurances that sufficient safeguards will be built in to the system to avoid abuses and inefficiency.

The consultation paper sanguinely observes that planning fees represent a miniscule 0.25% of development costs (page 39) and by implication, are easily affordable by developers and landowners. However, we must point out that the mineral industry is radically different from the mainstream development industry. Our developments employ fairly low technology but use extensive tracts of land, particularly for sand and gravel. We are therefore penalised by an area based system of planning fees. Most of our applications (90%) are extensions to existing operations where the development costs are much lower than for new workings because the process of winning and working the mineral is an operational cost. Evidence prepared by the MPA for the OFT in October 2010 shows that planning fee costs represent between 7.5% and 14% of our generic development costs with the majority falling within the upper part of the range (12-14%). Thus any increase in the planning fee will affect our industry disproportionately.

We reject the assertion that the costs of planning should be recovered because development represents a private benefit. In the case of minerals this is the raw material of our industry; we do not speculate with land and both the land we need and those raw materials extracted from it are returned to society to serve the public good in the form of much needed building materials, public amenities and nature conservation sites. Since the planning process exists to serve the public benefit it is right that should be funded from taxation.

Moreover, proposed increases in planning application fees need to be seen in the context of increasing cost and bureaucratic burden generally for development, and for minerals in particular. For aggregates we have the prospect of increasing planning application fees, increasing EIA costs as the process led system requires more and more catch-all assessment, pre-application discussion fees, monitoring fees, the Aggregates Levy, environmental permitting fees and subsistence charges, S106 costs and on top of all this open season for developer contributions to communities under the Localism Bill. Furthermore, these costs are not consistent across all sites/areas and will increasingly distort supply to sites where cost can be minimised or spread over economy of scale. The one opportunity we had to apply Aggregates Levy to the benefit of local communities appears set to be taken away with the abolition of the ALSF. We foresee a time when development is hampered to the point at which costs are as significant a criterion as planning policy.

The MPA's evidence to OFT shows that the generic planning costs for our members' sites (excluding site specific costs) typically range from £100,000 to over £800,000 per site depending on the mineral applied for. If archaeological research, specialist ecological surveys and Section 106 costs after determination are added the total costs are often more than doubled. To this may be added the costs of delay (our surveys show that mineral applications take between 30 and 33 months to process [10 year rolling average]), which is a significant and chronic problem. Such planning

costs invariably include increasingly onerous information gathering, processing and consultation costs, particularly for development such as ours which requires EIA.

There are also added costs to local authorities for processing applications. The Arup report is most helpful here in listing the additional costs experienced recently, which includes the costs of setting up electronic applications, providing paper copies to consultees, processing EIAs, Design and Access Statements and the costs of servicing statutory consultees, most of whom are central government agencies. All of these innovations have been initiated by central government and imposed on local authorities, which have had to absorb them in their service costs.

We would be happier in paying for a planning application service that recognised the unique structure and character of our industry, was more stable in what it demanded of us and did not impose open ended costs for carrying out our business. But we have no confidence that the joint demands of central and local government will not continue to impose new and onerous demands on us. At least with a nationally determined planning fee structure we are able to take one variable out of the planning equation.

Monopoly Service and Cost Effectiveness

Our principal objection to total costs recovery from this service by local authorities is that there is no safeguard within the government's proposals against inefficiency and no guarantee of timely service delivery. Indeed, the proposed arrangements could be seen as institutionalising inefficiency and delay. If the proposals are implemented as they stand we would have a state monopoly service provider that would be forced to recover all of its costs, i.e. have an almost guaranteed income, with very little incentive, if any to improve efficiency. Moreover, it would be prey to the imposition of further bureaucratic measures by both the national government and Europe. When one pays directly for a service rather than through general taxation, one is entitled to expect a level of delivery commensurate with the cost. Our members already view the planning service as very poor value for money; an opinion which is not likely to change with these proposals.

The government's suggested avenues of redress against abuse are completely inadequate from our point of view. Business cannot have recourse to the ballot box, whilst the Ombudsman is charged with examining service failure and maladministration. The inadequacy of these arrangements is simply that chronic inefficiency may fall well short of the criteria for service failure, yet still be an unreasonable burden on the industry, whilst the costs and commitment of scarce resources in making and pursuing complaints would be prohibitive. As an indication of the use we make of the system, our survey data shows that our members submit applications in up to 30 mineral planning authorities every year.

Thus we have no confidence that even a full costs recovery regime will improve the service we get from local authorities. This is not generally because of a lack of application or commitment by officers, who are as hard pressed as the industry, but to chronic underfunding and mismanagement of the public sector. If a business is inefficient then either its competitors will put it out of business or it will have to adjust its offering. But this cannot happen in local government and as an industry we face an ever more arduous and costly path for a reduced service since delays continue to impede our applications.

If the government is determined to progress these proposals we consider that it would be appropriate to consider opening up the development management service to competition in order to stimulate competition. This could be accomplished by

either private sector tendering or public service amalgamation and economies of scale.

Government's Case Has Not Been Made

We simply do not believe the government has made out a case for abandoning the current national system and replacing it with a locally based fees regime. The Arup report observes that the fees regulations are amended periodically and do not adjust regularly for inflation. This makes service planning difficult for local authorities (page 17). Moreover, it also asserts that if the 2008 drop in applications submitted had not occurred fee income would have been 10% higher (page 12). Coupled with an adjustment for inflation, this would have accounted for the deficit that the government is seeking to remedy.

The drop in income from the recession highlights a significant part of the government's proposals. The Arup report suggests that the cost of the development management service is inflexible because authorities have a salary structure skewed heavily towards higher grades and do not shed staff when income falls in order to bring costs into line with income. We believe that the development management service should demonstrate more efficiency and cost savings before increasing fees.

The Arup report thus points to an alternative way of providing for cost recovery which is to increase fees each year in line with inflation, and to more quickly adjust the local authority cost structure to income, which would bring it into line with the private sector.

Section 73 Applications

One aspect of our permissions is that they are subject to detailed and often inflexible planning conditions which remain in force for the duration of the operation. The nature of what we do does not lend itself to fixed ways of working that do not take into account changes in local circumstances or the development of new technology or the pursuit of business diversification. Therefore, we have to take recourse from time to time to making changes to conditions via Section 73 applications, which at present do not attract a high fee. As far as we know we are unique in this respect and generate a higher number of such applications than other developers. It would be an additional burden if the fees for these applications were increased substantially.

Indicative Costs of Planning for MPA members

The main indicative planning costs borne by operators when developing new sites for land won primary aggregates are summarised in the tables below. Clearly these are illustrative and generic, as all sites have their own characteristics, which will undoubtedly include site specific costs such as archaeological, ecological or any other special baseline costs that may be requested by a mineral planning authority before they are prepared to consider an application and the often costly requirements of Section 106 agreements.

Table 1 Planning Costs for Sand and gravel - for a typical reserve of between 0.75mt and 2.0mt

Item	Description	Lower bound £k	Higher bound £k
1	Exploration and evaluation	2.5	50
2	Securing control of leasehold land and access under option	25	100
3	Inclusion in relevant development plan	15	100
4	Securing planning permission and	50	250

	other permits		
5	Planning application fee	15	65
	TOTAL PLANNING COSTS	107.5	565

Table 2 Planning Costs for Crushed rock - for a typical reserve of between 5mt and 20mt

Item	Description	Lower bound £k	Higher bound £k
1	Exploration and evaluation	10	100
2	Securing control of leasehold land and access under option	25	100
3	Inclusion in relevant development plan	15	100
4	Securing planning permission and other permits	50	500
5	Planning application fee	15	65
	TOTAL PLANNING COSTS	115	865

Question 2

Do you agree that local planning authorities should be allowed to decide whether to charge for applications that are resubmitted following withdrawal or refusal?

No. We do not believe that resubmitted applications should be charged for unless they are so radically different from the previous application that they require much more work. In most cases in our industry, only relatively minor changes are required for rejected proposals in order for them to become acceptable. In cases where changes are unlikely to overcome planning objections, this is usually communicated to the applicant very effectively so that their choice becomes one of appealing the decision or abandoning the proposals. We would judge, but have no evidence to support the assertion, that the current concession helps to avoid excessive recourse to the appeal system and unnecessary costs for all parties and thus we wish to see it retained.

Question 3

Do you agree that local planning authorities should be able to set higher fees for retrospective applications?

No. Although our members operate responsibly and within the law, occasionally a difference of opinion may occur over a particular development and the interpretation of planning conditions, regulations or law that prompts the planning authority to request a retrospective application. Thus it would not be true to say that every occurrence of such an application was an attempt to circumvent the planning system. We fear that if authorities are allowed to charge punitively for such developments, then it may drive developers to invite enforcement action instead in order to reduce their costs exposure. Of course, developers should not be allowed to ride roughshod over planning law but how to distinguish between flagrant breaches and honest differences of opinion is not an easy thing to do without penalising the latter.

Question 4

Are there any other development management services which are not currently charged for but should require a fee?

No. Under current arrangements our applications for Periodic Review (ROMPs) and for the approval of conditions under dormant IDOs are not charged for. Our

members operate about 650 mineral sites in England which is split into 61% sand and gravel pits and 39% crushed rock quarries and many of these, particularly the crushed rock sites, are of a long duration. Since the legislation requires that long lived sites must be reviewed every fifteen years, it follows that a significant proportion of these sites will need to be reviewed each year.

A survey of our members has established that we expect to submit 464 ROMPs in the next 15 years or a rate of 31 per year. This figure takes account of sites becoming exhausted before Review and extensions for new mineral or consolidation applications. If ROMPs were to be charged for on the basis that the submission of an EIA with the proposals involves extra work for local authorities and at the same rates as new development, we estimate this would double our planning fee costs.

We would view any proposal to charge for ROMPs as grossly inappropriate in that they add nothing to the economic value of our operations save that without them we cannot continue our business. Since they are an imposition by government in the public interest and offer no advantage to the operator, we believe they should continue to be funded out of local taxation.

Question 5

Are there any other development management services which currently require a fee but should be exempt from charging?

Yes. We believe that pre-application discussions should be non chargeable for minerals. The benefits for participation by all parties in such discussions for saving unnecessary costs are significant. Our survey of members show that over the years 2006-2008, 43% of the planning applications submitted during that period were preceded by pre-application discussions and that the average time spent on this activity was 16 months per application.

This activity is becoming more important for our members. The following table shows pre-application and determination times for applications determined during 2006-2008.

Table 3 Average Time Spent on Pre-application Discussions & Determination Times 2006-2008

Year	No. of determinations	Average pre application time (mths)	Average determination time (mths)	Average total time (mths)
2006	12	7	22	29
2007	12	10	21	31
2008	11	17	20	37
Total	35	11	21	33

It is probably too soon to draw definitive conclusions about the longer term trends in the effects of pre application discussions on total determination times, but the data clearly show a significant upward trend and reliance by our members on such discussions. This appears to have been rewarded by small reductions in average determination time but when combined in an average total time this has not yet offset the extra effort involved in making pre application discussions with various stakeholders. Nevertheless, we are committed to engaging in pre application discussions where they can be demonstrated to achieve real gains in reducing delays and improving the overall proportion of approvals.

Currently, local authority charges for pre application discussions in connection with minerals are not common. Therefore, our concern is that changes to the system should not encourage authorities that do not make charges to start doing so on the basis of a wider responsibility to cover all their costs. We consider that it is important for the wider public benefit and efficiency of the service to encourage such discussions. Making charges for them on top of a substantial hike in fees, and without evidence that discussions significantly reduce total determination times, may lead operators to stop this useful activity.

However, if the government does go ahead with its plans and local authorities do start to charge for pre application consultation more widely we consider that there should be some reward for operators who go to the extra trouble and expense of doing this, perhaps by discounts on the application fees.

Question 6

What are the likely effects of any of the changes on you, or the group or business or local authority you represent?

History of Planning Fees and Variation in the UK

Planning fees were introduced in 1981 and the way they were calculated changed radically in 2005. Prior to 2005 fees for mineral workings were levied pro rata according to size of site with a maximum fee set at 15 ha. This arrangement still applies in Scotland. From 2005 in England and Wales fees were set pro rata at an initially high level up to 15 ha, then at a lower rate up to a maximum fee which equates to a site size of 54.7 ha, as the following table shows for current fee rates.

Table 4 Current Fee Scale in England

Size of Site	Minimum Fee	Fee per 0.1 ha	Maximum Fee	Sample Annual Spend 2008
< 15 ha	£ -	£ 170	£ 25,330	£ 123,435
> 15 ha	£ 25,315	£ 100	£ 65,000	£ 821,665
Total				£ 945,100

Since 2005 the fees paid by our members have increased dramatically as the following table shows. Although the MPA holds no data on the areal extent of those applications in 2005 we have estimated that the fees paid in that year were less than £500,000 for 32 applications. 2008 is the most representative year in comparison with the benchmark year of 2005 for numbers and average size of site. The table shows that since 2005 the fees paid by our members have risen by 220%.

Table 5 Planning Fees Paid by MPA members

England	estimated 2005	2006	2007	2008
No. of applications	32	24	20	30
Fees paid	£ 454,080	£ 817,035	£ 477,642	£945,100
Fees based on 2005 applications	£ 454,080	£1,089,380	£ 764,227	£1,008,107
Index 2005 base	1.00	2.40	1.68	2.21

Experience shows that England is the most expensive domain for mineral operators in terms of planning fees as the following table shows. The data show the fees which would have been payable for the average size of sites surveyed in the three size categories in 2008. The three size categories and the surveyed average site size are

- i. Smaller than 15 ha - ave size 6.6.ha

- ii. Between 15 ha and 54.7 ha - ave size 27.3 ha
- iii. Larger than 54.7 ha - ave size 104.5 ha

Table 6 Planning Fees - Country Comparison 2008

Av site size	6.6 ha	27.3 ha	104.5 ha
England	£ 11,220	£ 37,615	£ 65,000
Wales	£ 10,494	£ 33,690	£ 50,000
Scotland	£ 9,570	£ 21,750	£ 21,750
N Ireland	£ 19,500	£ 32,450	£ 32,450

Index	6.6 ha	27.3 ha	104.5 ha
England	1.00	1.00	1.00
Wales	0.94	0.90	0.77
Scotland	0.85	0.58	0.33
N Ireland	1.74	0.86	0.50

The data clearly shows that England is by far the most expensive country in which to submit a mineral application, although smaller sites are disproportionately more expensive in Northern Ireland and Scotland is the cheapest, largely because it stills retains the pre 2005 fee structure. Applications in Wales are closest to the English fee scales.

Of the 90 applications submitted by our members in the three years of the survey (2006-2008) 82% (74) were in England and a further 10% (9) were made in Scotland.

2006-2008 Survey Results for England

Our surveys show that between 2006 and 2008 our members spent a total of £2.24 Million on planning application fees in England at an average spend of £30,200 per application. The survey represented a 63% sample of MPA members with planning interests so the gross spend could have reached £3.5 Million. 88% of fees came from those applications classed as falling above the Schedule 2 threshold for the purposes of requiring an EIA (15 ha), and over 52% of fees were from sites reaching the maximum of £65,000 per application or a size of over 54.7 ha. This has implications for the type of changes that local authorities might make in their charging schedules.

Table 7 Fees Paid for Mineral Applications Made in England by MPA members 2006-2008

(63% sample)

Size of Site	Application Fees	Percentage	Application Numbers
<15 ha	£ 267,102	11.9%	29
>54.7 ha	£ 1,160,000	51.8%	26
15-54.7 ha	£ 812,675	36.3%	19
Total	£ 2,239,777	100.0%	74

Average sample spend per year	£	746,592		
Average sample spend per application	£	30,267		

Impact of Local Fee Setting

However, if local authorities are to have carte blanche in their charging scales a number of different scenarios could arise by changing the various components of the fee structure;

1. No Change
2. 20% all round increase.
3. Very High incremental fee rates with no minimum fee.
4. High incremental fee rates with minimum fee applied to all proposals
5. Maximum fee abolished.

We have therefore modelled these scenarios to test the effects of possible changes, again on the basis of the 2008 survey results.

Scenario 1 - No Change

Table 8A Scenario 1 - No Change

Size of Site	Minimum Fee	Fee per 0.1 ha	Maximum Fee	Sample Annual Spend 2008
< 15 ha	£ -	£ 170	£ 25,330	£ 123,435
> 15 ha	£ 25,315	£ 100	£ 65,000	£ 821,665
Total				£ 945,100

Scenario 2 - 20% all round increase

We calculate that based on the 2008 survey results a straight 20% increase in fee rates and minimum/maximum fees with no changes to the charging structure will increase our annual spend to £1.24 Million (63% sample). This assumes that the fee scales would be as follows,

Table 8B Scenario 2 - Fee Scale with 20% all round increase

Size of Site	Minimum Fee	Fee per 0.1 ha	Maximum Fee	Sample Annual Spend
< 15 ha	£ -	£ 204	£ 30,396	£ 151,776
> 15 ha	£ 30,378	£ 120	£ 78,000	£ 1,083,360
Total				£ 1,235,136

Scenario 3 - all applications charged at a higher rate to the current maximum

The fee structure in this scenario mirrors that adopted in Northern Ireland where there is no minimum fee and applications are charged at a much higher incremental rate up to a maximum, which we have retained at the current level in the scenario. This leads to a similar increase over scenario 1 largely because the size of our applications is skewed towards the upper end and at higher rates for smaller applications the maximum is reached very quickly. Currently, 52% of our applications attract the maximum fee; under this scenario the proportion would rise to 81%. The main impact would be on the smaller applications which are often submitted by SMEs, where the average fee would rise from £10,286 currently to £23,045, an increase of 224%.

Table 8C Scenario 3 Higher Fee Rates with no Minimum Fee

Size of Site	Minimum Fee	Fee per 0.5 ha	Maximum Fee	Sample Annual Spend
< 15 ha	£ -	£ 1,775	£ 65,000	£ 276,545
> 15 ha	£ -	£ 1,775	£ 65,000	£ 1,164,605
Total				£ 1,441,150

Scenario 4 - Minimum Fees and a high fee rate for all applications

Local authorities often complain that smaller applications are as time consuming to process as the larger ones. Even though they are less than 15 ha many of these smaller proposals are considered by local authorities to have potentially significant environmental impacts and thus must be accompanied by EIA, which occasions more work. Whilst the MPA no longer collects information on the proportion and type of application which are supported by an EIA, the last survey results when this was collected (2005) shows that 82% of all extant applications required EIA, and of the remainder most were very small (representing only 7% of the total tonnage applied for). If smaller applications were to be penalised by the imposition of a minimum fee on the basis that all mineral applications are significant consumers of resources, it would have serious effects notwithstanding such applications currently only represent 12% of the total cost to the industry. This is because many are typically submitted by SMEs who tend to have smaller operations than many of their larger competitors.

A site over 15 ha currently has the minimum fee applied (90% of our sample) and a lower rate of increase per 0.1 ha thereafter to a maximum of £65,000. The table below shows that if the higher rate for smaller applications is applied to larger sites as well the increase in fees for larger sites is not great, mainly because most sites are over 54.7 ha at which point the maximum fee applies.

This scenario thus calculates an increase in fees charged to around £1.58 Million but with a much greater burden falling on the smaller applications.

Table 8D Scenario 4 High Fee Rates with Minimum Fee

Size of Site	Minimum Fee	Fee per 0.1 ha	Maximum Fee	Sample Annual Spend
< 15 ha	£ 25,315	£ 170	£ 65,000	£ 436,210
> 15 ha	£ 25,315	£ 170	£ 65,000	£ 1,141,650
Total				£ 1,577,860

Scenario 5 - Maximum fee abolished

Our surveys reveal that whilst the size of application at which the maximum fee applies is 54.7 ha the average size of our applications in the over 15 ha category, is 104.5 ha. This reflects the extensive nature of our industry, particularly for sand and gravel applications. Thus when applying the scenario of an abolition of a maximum fee we found that our costs would increase to around £1.63 Million. Thus the industry would be most vulnerable to large cost increases if the fee charging structure were to be amended in this way.

Table 8E Scenario 5 Maximum fee abolished

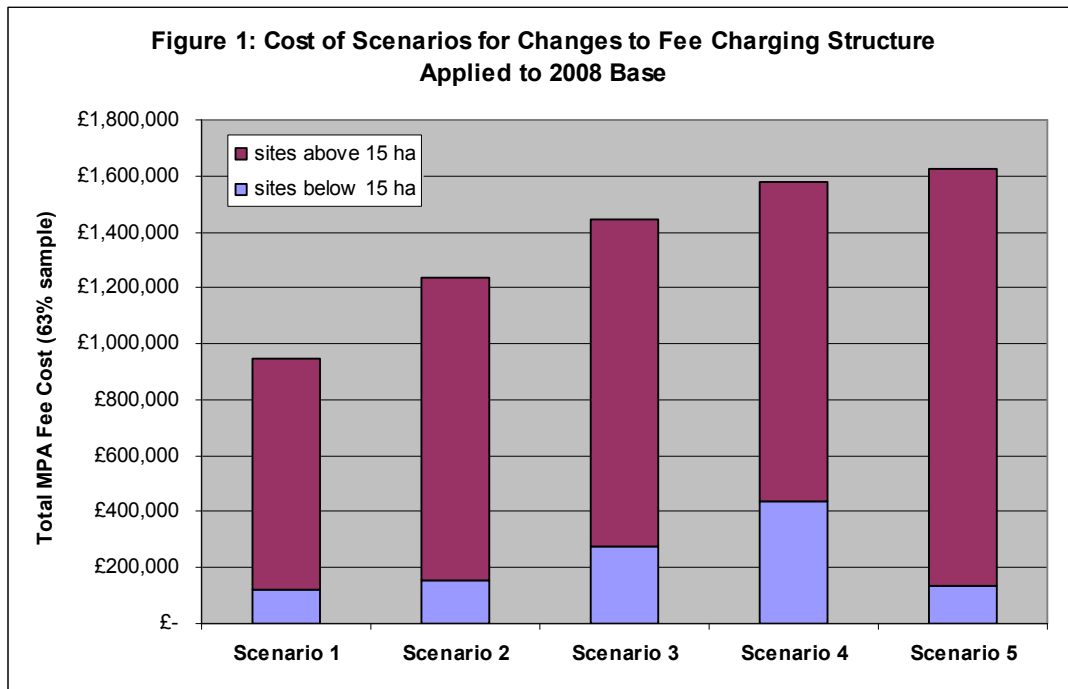
Size of Site	Minimum Fee	Fee per 0.1 ha	Maximum Fee	Sample Annual Spend
< 15 ha	£ -	£ 170	£ 25,330	£ 132,430
> 15 ha	£ 25,315	£ 100	£ -	£ 1,495,520

Total				£ 1,627,950
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Scenario Conclusions

A summary of the effects of the scenarios is shown on Figure 1 below. In drawing conclusions from the analysis it must be remembered that Scenarios 3-5 provide for no increase in incremental charges to account for inflation within the structure; all changes reflect alterations to the charging structure itself. If incremental charges were to be increased on top of structural changes, the fee increases would be correspondingly higher.

We conclude that even with an all round 20% increase in charges we are faced with a minimum 30% increase on our total planning fee bill because of the way our planning applications are distributed in the size range. We are most vulnerable to changes in the charging structure, particularly if the maximum fee is abolished or raised substantially, and for smaller applications, if a minimum fee is applied to all applications or incremental rates are raised. We therefore urge the government that should its proposals be implemented, it sets out in unequivocal terms the degree of discretion that local authorities will be given and we further strongly suggest that no changes to the charging structure be made.



Question 7

Do you think there will be unintended consequences arising from these proposals?

Yes. We want to make a number of points that do not seem to be covered in the consultation document.

Effects on SMEs

Fully half of our members' operations are run by SMEs. We have already described the possible effect of some scenarios on smaller applications and would reiterate that should the government's proposals be implemented then local authorities

should be given a duty to have regard to the effects of their fee charges on small businesses.

Fees Set at Punitive Rates

We are aware that mineral proposals can be some of the most controversial of local developments and regularly attract a great deal of opprobrium from sections of the public and green NGOs. Indeed, this is why we have a parallel planning regime for minerals in the first place. One of our concerns is that local authorities may set fees for development they do not want (like ours) at punitive levels in order to discourage applications. What safeguards would there be to stop this happening?

Unitary Mineral Planning Authorities

There are 124 Unitary Authorities, Metropolitan Districts and London Boroughs. We calculate that 74 of these authorities either have a mineral interest or potential mineral interest. Yet many of them will not see a mineral application from year to year. If fees rates are to be determined purely on the basis of costs recovery, we ask how authorities such as these are to judge what level to set them in advance of applications being made? Or, if fee rates are set on the basis of how much the last application cost, what relevance would that have to future applications since each application will be different in scope and complexity? Such questions as these, point to a standard fee rate in the absence of supporting information, which is a nationally set rate in all but name.

Competition Issues

The location of our members' operations is determined by the relationship between geology and the market, and only bears scant relevance to administrative boundaries, particularly in the great river systems. We frequently have operations competing against each other located in adjacent authorities, sometimes in near proximity to each other. If planning fee rates are to vary widely this may open up an advantage of one operation over another merely because it happens to fall in another administrative area. Keeping fees at the same rate for all applications ensures that unfair competition does not arise.

Question 8

Do you have any comment on the outcomes predicted in the impact assessment, in particular the costs and benefits (see Annex B)?

Yes. Despite the fact that the proposals have been supported by the Arup report it is curious that no attempt has been made to find out why some authorities are making a profit from applications. Is this because they are super efficient, or is it because they had more applications than they had planned for, or because of the mix of applications received with more that attracted a higher fee but did not involve proportionately more work? These are not just academic issues because the answer may indicate the direction that policy should go.

In addition, no apparent attempt has been made to examine how sensitive planning costs are to drops and increases in numbers of applications and their nature, which we would consider the minimum necessary to establish whether the new system will work. Neither does the analysis tell us how the local authorities are to balance variations in income and over what period. Would a good year last year lead to discounted fees in the next? Would applications be encouraged by fee loss leaders in order to stimulate demand? In periods of high demand would fee rates rise to choke off demand or increase margins to create funds for investment and expansion? Even if these common commercial scenarios are thought to be absurdly inappropriate they illustrate the difficulties local authorities will face when exposed to market conditions, even if they are to become a local monopoly.

Finally, it is proposed that each local authority collects detailed data on planning costs for all its activities to inform fee rates. Not only does this involve a huge duplication of effort, the government's assessment is that it will only cost £4,000 for each authority to set up and manage, which seems absurdly low. We calculate that using consultancy billing as a model for what will be required, the costs of maintaining an administrative system for billing projects and undertaking staff training to record the data, will cost in the region of 1.25% per year or between £3.73 M and £4.56 M in contrast to Arup's estimate of £550,000 per year plus transitional costs of £1.5 M.