



Where does all the money go?

Early report on Managing Excellent Planning Services (MEPS)
A **Planning Advisory Service** project on value for money in planning

Contents

Introduction	1
This report	1
Findings	2
Costs	2
Processes	4
Work.....	5
Improvements	6
The future.....	7
Project engagement.....	8
Data and systems	9
Evaluation	10
Next steps	11
Appendix 1: where does all the money go ?	12
Appendix 2: sample outputs from a design studio	13
Appendix 3: plan-making questionnaire / comparison ‘snapshot’	15

Introduction

Planning, like most public services, is being expected to maintain service and performance levels in a world where the resources it has available to it are shrinking. The Planning Advisory Service (PAS) is helping councils to respond to this by providing useful, comparable information about costs, performance and methods.

We are providing a new perspective on performance issues through the organised exchange of information and ideas between authorities. The project helps local authorities answer the following questions:

- What do we spend our money on?
- How do our services, performance and productivity compare with our peers?
- What are the main reasons for the differences?
- What could we learn from others that would improve our productivity and the value for money we give to our customers?

This report

This is an early report based on data from 15 authorities (LPAs) and £22m of costs. It uses information derived from 130,000 planning applications, 19 development plan documents and the timesheets of over 600 staff. Most of the data is in draft and still requires formal acceptance from the authorities themselves.

While some of the data is presented in tables, it should not suggest that 'cheapest is best' or that the performance achieved in one place is relevant elsewhere.

Findings

Costs

No benchmarking authority recovers the cost of providing a planning service from fee income. Every £1.00 of fee income from developers is matched by money from the Council - in more complex authorities this figure rises to more than £2.00.

match cost of providing planning function ¹	
LPA05	£ 2.52
LPA04	£ 2.33
LPA01	£ 2.17
LPA11	£ 2.15
LPA06	£ 2.06
LPA02	£ 1.92
LPA10	£ 1.59
LPA03	£ 1.39
LPA09	£ 1.18
LPA16	£ 1.15
LPA07	£ 1.11
LPA08	£ 1.08
LPA14	£ 0.38

¹ Note that LPA14 is a regeneration area with some very large applications in 2009 which underwrote the cost of service. Note also that this table of costs is an underestimate – they exclude office and overhead costs.

Most authorities have adopted similar spend profiles across the main components of providing a service. Application handling represents less than half of spend in all but two authorities.

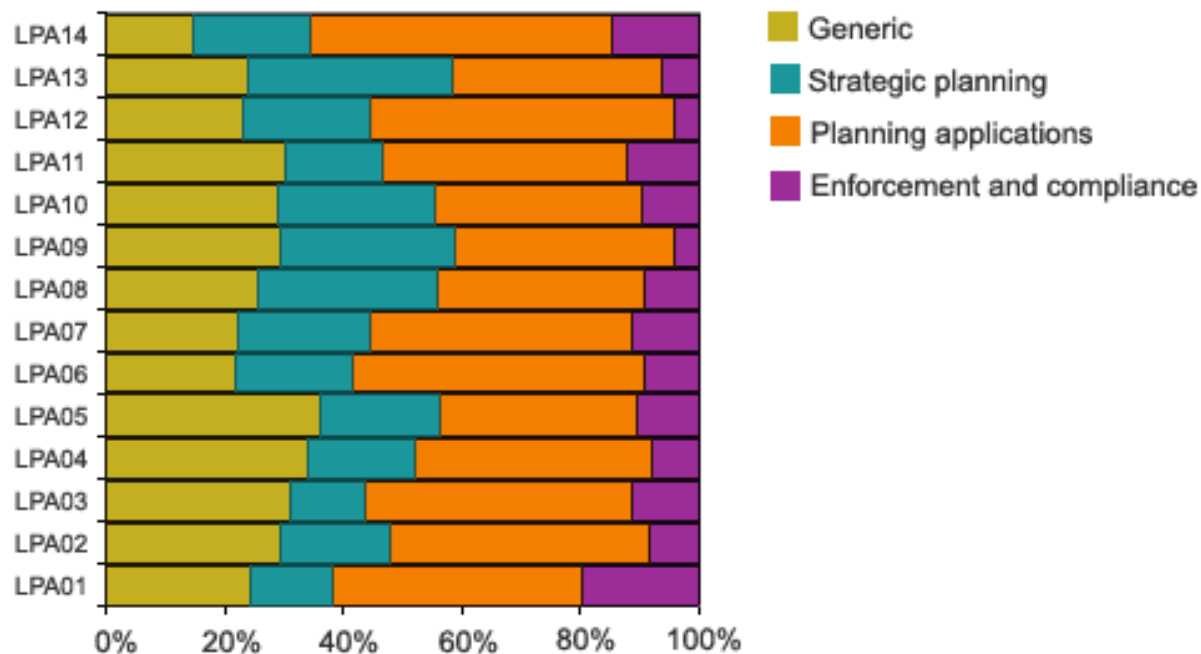
The average fee for all applications (including many that are 'free go' or uncharged heritage consents) was £370 in 2009. The average cost of servicing these applications was £896. The breakdown of the £896 is:

- £243 on generic activities (staff management, training)
- £171 on strategic planning
- £388 on the application process itself
- £93 on enforcement and monitoring.

Note: a more detailed breakdown is in appendix 1

Service costs are not just a product of how each application is handled. The quality of submitted applications, the to-and-fro of creating a 'complete' application and the quantity of pre-commencement conditions all contribute to service costs.

Plan making knowledge is already shared well at regional level officer groups. However, the structured approach of benchmarking data gathering has been useful as a baseline and there is a possibility of using it as a platform for a more collaborative approach to commissioning and sharing information on costs and performance.



Comparison of spend at 14 local planning authorities

For example, the amount spent on evidence varies greatly between authorities. In part, this is driven by the expertise available and types of issues being addressed by the plan. For the 12 LPAs who were able to share accurate records, the benchmarking allowed them to compare their approach towards spending significant amounts of money.

Indeed many unit costs are usefully benchmarked as they vary markedly between authorities. For example, the average cost to receive, register, validate and handle the fee for an application is £59. However, the benchmark authorities vary from £10 to £96. Following the data collection and benchmarking, PAS organise a facilitated session that allows authorities to unpick the methods that underpin the costs, and to reassure themselves that the comparison is a fair one.

Evidence
£70,000
£120,000
£160,000
£200,000
£245,000
£250,000
£300,000
£330,000
£330,362
£375,000
£500,000
£569,000

Note: more details are provided in appendix 3

Processes

Most aspects of handling planning applications are fixed by national legislation. However, some local authorities have already been experimenting with imaginative approaches to reducing cost and improving usability. Benchmarking has - for the first time - created a focus for evaluating and sharing this work. Where there is flexibility, authorities are using it to:

- share resources to reduce duplication
- reengineer processes to make best use of skills
- working with applicants to improve the quality of applications.

There is no compelling evidence that previous attempts to reduce workload or complexity in planning have worked. In particular, online applications and common validation standards seem to have increased time taken. For most authorities the general trends of wasted work (withdrawn, invalidity) have been going the wrong way over the last five years.

All benchmarking authorities recognise that the 'micro' measuring and analysis of each transaction is useful and valuable. However, there is also a need to balance this against the 'macro' view of how many transactions are needed in total to achieve the combined goals of local authorities and developers.

There remain several mandatory processes that are easy targets for improvement or cost saving, although they will require minor changes to the regulations. In particular, these include:

- advertising and consultation of planning applications
- national datasets and evidence bases for strategic planning
- improving and streamlining the information set required for a valid application.

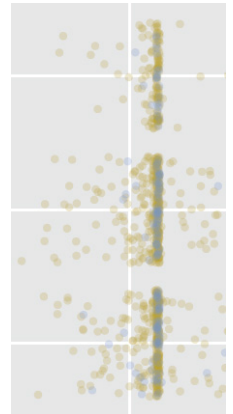
Work

The volume of work coming into planning authorities is more variable than expected. The 'peaks and troughs' of work do not average out between authorities. This has clear implications for those authorities discussing the combining of their back-office functions - when one LPA is busy, it is likely that their neighbours are also busy.

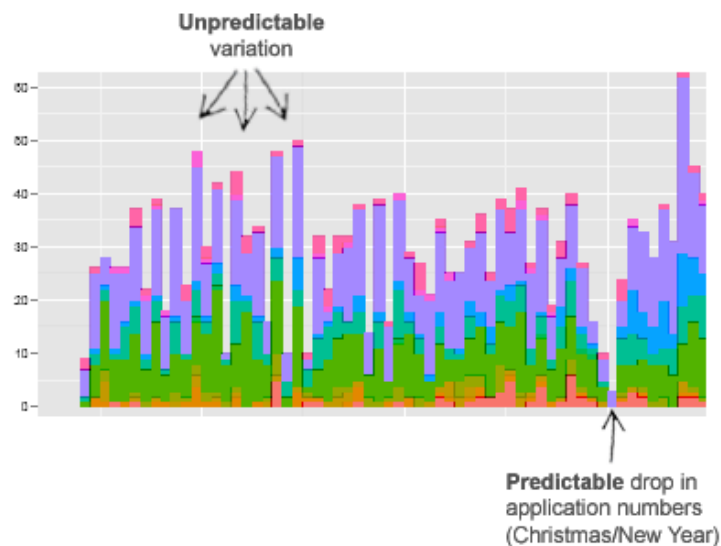
In general there is a recognition that authorities have been trying to match a variable workload with a fixed resource. One of the focuses of the follow up work PAS is doing with the benchmarking groups is to find straightforward ways of monitoring and responding to changes in workload. Traditionally this may have been done with agency workers, but many other types of flexible working are being discussed.

Many local authorities have been leaving work until the last moment before the national indicator target. This 'last minute' approach has been one consequence of the minimum standard required by NI157.

Application decisions clustered around deadline



The benchmarking data has identified a 'bounce' in application numbers in 2010. It suggests that authorities who are adjusting their resources to 2009 levels (the lowest of the five years compared) will be unlikely to cope with work later this year.



Improvements

The benchmarking process provokes many questions and reveals facts, but it does not make it simple to know how to respond. Everyone involved has had to take time to ensure they trust and understand the results, and many authorities have had to revisit their submissions once they've understood the results.

The process of improvement following the benchmarking has been slow. There is a real risk that groups spend too much time in the detail, debating the issues that reflect a tiny percentage of overall activity.

One of the jobs of PAS is to act as both 'referee' and 'conscience' to benchmarking groups, helping them accept the inevitable wrinkles and inaccuracies and focus on the big picture.

Designing improvement

We have been encouraging those authorities that are keen to continue to work together by providing facilitated 'design studios' to help them create improvement plans. Groups require challenge to ensure they are not limiting themselves to 'streamlining' processes by a few percentage points. Our early design studio sessions have seen authorities taking a practical approach; identifying improvements they can achieve quickly, and those that will require a longer term, more strategic approach.

Here is an example of one group's plan for change:

Short term - Reducing validation costs:

1. The creation of a single, county-wide, local list to reduce confusion among agents and improve the quality of applications;
2. Creative ways of encouraging customers to use those agents that submit the highest quality applications, including publishing average determination times and forming an accredited agents scheme;
3. Creating an exemplar system of forms and templates that best facilitates a valid, successful application.

Medium term - Improving performance

4. Replacing NII57 with targets based on the real 'range' of current determination times;
5. 'Targets within targets' eg 'target to register', 'target to validate' etc

Longer-term - Further discussion to take place around shared validation procedures / services but this may be negated by (3) above.

Further information is available in Appendix 2 – sample outputs from a design studio session

The future

The benchmarking authorities have been quick to see the imperfections in the data analysis and exchange. It is early days for the project, but most authorities intend to repeat the process and several have adopted the new benchmarking measures to track their progress.

It has been marked in discussions about performance and benchmarks that (for the first time) managers are able to relate to the cost of delivering particular performance. For example, in the past, managers were mandated by their corporate colleagues to get to 'top quartile' in a best value indicator. Now, the process begins by asking much more nuanced questions about the nature of service their authority can afford.

PAS remains committed to supporting the authorities involved to innovate. The project has taken almost a year to get to the point of sharing benchmark data – while this is useful of itself the main value of the project remains to be demonstrated to LPAs.

Project engagement

The project was strongly welcomed at its launch. However, getting people from initial interest to sign-up took much longer than planned. The election delayed take-up. It is likely that only the severity of budget pressure created the appetite that has meant that over half of the authorities coming along to a launch event eventually signed up to the MEPS project.

All the participants have been open, enthusiastic and a pleasure to work with. However, most of the groups have had problems with diary management and several authorities have had to be warned that failure to respond to the data gathering exercise promptly would mean they were excluded.

Thus far, only one authority has been asked to leave the benchmarking process.

The audience for the project has been predominantly heads of service and officers. In the next phase results and action plans will be shared with senior management teams and political leaders.

This project evolved from other benchmarks like the National Process Improvement Project (NPIP) to extend its focus on resources, performance and areas of planning that are more difficult to break down into transactions and numbers. This approach has been validated.



While a major part of the project is necessarily backward-looking, some of the work done in post-decision areas has been leading authorities thinking in what activities are required and how to record them.

Several experts in strategic planning have offered to review that part of the benchmark, hoping to improve the way it models costs. In this way, ownership and direction of the benchmark is beginning to be passed to members of the group.

Data and systems

Despite authorities' significant investment in ICT over the last decade, data quality was poor. Many places are unable to query their data in any way other than through standard reports. These issues tended to be worse in smaller authorities and those where the provision of ICT had been outsourced.

The benchmarking reports have themselves been greatly improved as a result of feedback from the authorities. There remains a lack of trust in the process. Peer scrutiny should help unpack some of the underlying assumptions and methods and build that trust.

There are several areas where the data is not captured at all.

It seems sensible that PAS should create some guidance jointly with the system suppliers to ensure:

- authorities get the best value from their ICT investment generally
- any standards are implemented once and shared cheaply
- ideas flowing from the benchmark (new things to measure) are built into existing processes and standardised nationally. This might include cost capture
- local reports can reflect the benchmarking national standard reports.

Evaluation

We are asking ourselves the following questions to ensure that this project is working:

Benchmarking process

- Do participants accept the design of the benchmarking process?
- Is participation value for money for authorities?
- Could we do it cheaper?

Improvement activity

- Does the data generated provide the basis for further action?
- Does the benchmarking data encourage thinking, change and tracking of improvement?
- Does our support help authorities improve faster than they otherwise would?
- Does our support help balance a planning authority's performance, resources and purpose?

Next steps

Work will continue with the initial 'MEPS' authorities. This will:

- evaluate the benchmark itself, and test whether or not it is a useful improvement tool
- create some small case studies – these will share improvement methods and associated benchmark facts (ie this isn't just good because we say so, but because of the observable effect.)

The launch of a national benchmark with CIPFA will require effort to ensure that the marketing is effective and the method can be scaled up from 40 authorities to 140 authorities or more.

PAS needs to be alert to the opportunity of using the benchmark to inform local fee setting (should this occur) and helping local authorities create a menu of value-adding options that applicants can choose to buy if they wish.

Appendix 1: Where does all the money go?

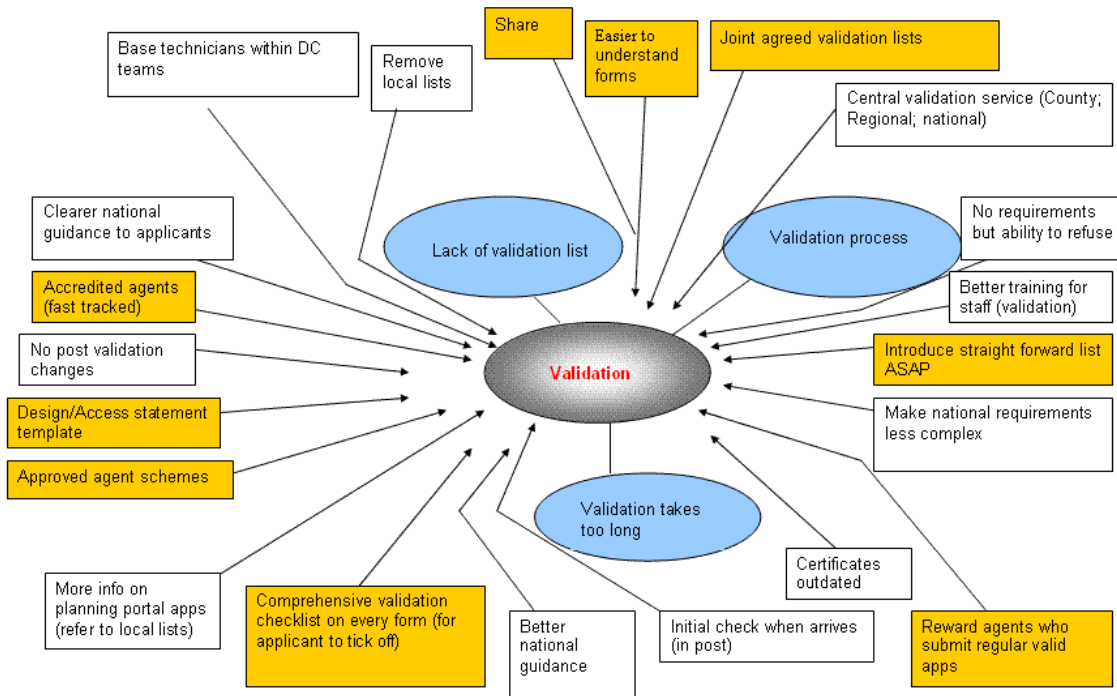
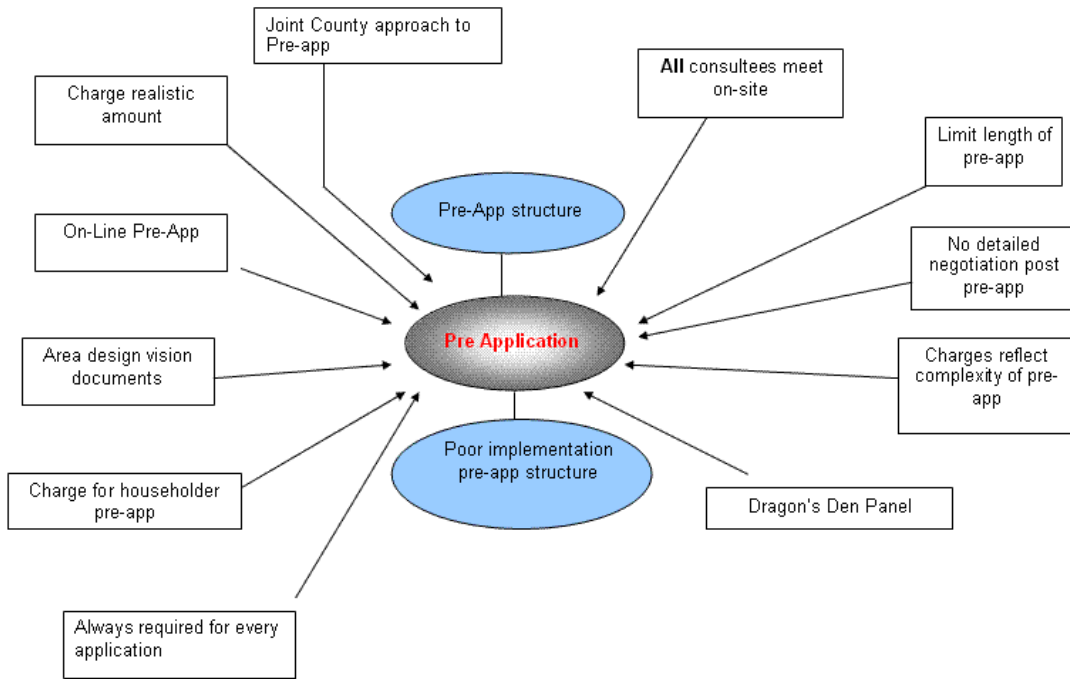
Code	Category	Average
99	Other	£ 34
100	internal work	£ 142
101	council work	£ 34
110	external work	£ 44
120	technical specialist support	£ 14
130	legal	£ 0
140	service complaints	£ 7
150	Information requests	£ 8
200	professional advice to applications	£ 14
210	professional advice to other orgs	£ 10
220	articulating strategy	£ 15
230	research, evidence, projections	£ 85
240	options generation & appraisal, writing policy	£ 37
250	engagement & delivery	£ 30
300	statutory register / research	£ 6
310	pre-application	£ 53
320	receipt	£ 29
330	validation, fees	£ 29
340	consultation	£ 17
350	evaluation & negotiation	£ 109
360	delegated reports and decisions	£ 102
370	committee reports and decisions	£ 42
380	decision notice, agreements	£ 11
390	appeal handling	£ 24
400	discharge of conditions, approval of details	£ 13
410	scoping work	£ 14
420	allegation handling	£ 8
430	allegation investigation	£ 31
440	delegated report & decision	£ 6
450	committee report & decision	£ 2
460	prosecutions	£ 7
470	appeal handling	£ 7
480	s106 management	£ 6
490	trees	£ 10
Total		£ 1,000

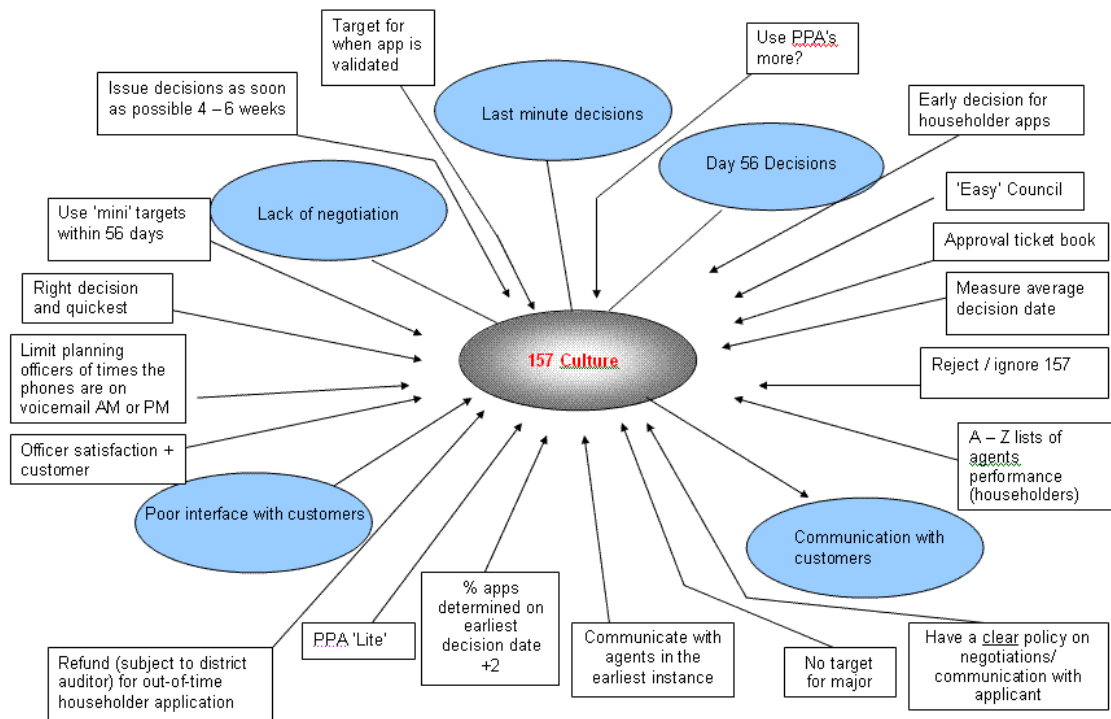
This data is based on the timesheets of 600 staff. They booked their productive time to one of the categories above. These numbers represent an average across the authorities – each £1000 they spend on staff is spent in these proportions.

The categories are colour-coded into the four themes that support planning.

Yellow	Generic
Blue	Strategic Planning
Orange	Planning Applications
Magenta	Enforcement and compliance

Appendix 2: Sample outputs from a design studio





Participants in the design studio contribute ideas and issues to a map, which helps set out the major issues and some possible answers. These vary from remedial ('have a clear policy', 'limit voicemail') and incremental ('easier to understand forms') to aspirational ('clear national guidance') and transformational ('remove validation entirely', 'allow 2 working days for the bulk of applications').

Appendix 3: Plan-making questionnaire / comparison ‘snapshot’

This is an extract from our plan making information. It shows authorities' approaches to, and costs of, building their evidence base.

Authority	LPA1	LPA5	LPA7	LPA8	LPA9	LPA13
Cost and Resources						
What is the estimated total cost of producing this DPD? (not including staff costs)	£400,000	£700,000	£819,000	£455,362	£450,000	£316,000
Cost Breakdown by type of activity						
Evidence	£250,000	£375,000	£569,000	£330,362	£330,000	£245,000
Engagement	£75,000	£45,000	£80,000	£125,000	£50,000	£31,000
Visions, objectives and options	£?	?	-	Only staff costs	staff costs	£20,000
Delivery	£?	?	£170,000	Not known	£70,000	£20,000

Authority	LPA1	LPA5	LPA7	LPA8	LPA9	LPA13
Evidence						
Type of evidence	Approach / Costs					
Physical, social, economic and environmental characteristics and needs of area	Yes. Combined Internal/ External	Yes, Internally produced	Cost is to the council.	-	Produced in-house, within existing budgets at pre-production evidence gathering stage.	Internally produced
SHMA	Yes. External. £25,000	Externally £15,000 (in partnership with 3 other districts)	Produced externally, £5,000. Identifying issues stage.	Produced externally, £10,000 contribution (total £60,000). Identifying issues stage. SHMA viability study, externally produced £50,000.	Produced externally (jointly), £9,858. Developing strategy stage.	Externally produced, £10,000.
SHLAA	Yes. Internal. £2,000	Internally, £35,000 for temp agency help	Produced externally £90,000. Identifying issues, developing strategy and site options stages	Produced in-house. Developing strategy stage.	Produced externally, £93,500 (includes £15,000 paid to Land Referencing Services). Identifying issues stage.	Combined internal/external production, £15,000.

Authority	LPA1	LPA5	LPA7	LPA8	LPA9	LPA13
Evidence						
Type of evidence	Approach / Costs					
Retail needs survey	Yes. External. £10,000	Externally £32,830 (discount achieved on this study for retaining consultant on other viability work as part of same tender).	Produced externally, £70,000. Identifying issues stage.	Currently 2008- 2021, + intend to refresh until 2031). Externally produced, £29,950. Identifying issues stage.	Produced externally, £40,000. Identifying issues stage.	Externally produced, £25,000.
Transport accessibility	Yes. External. £100,000	Combined production £92,500 (in partnership with Highway Authority)	Produced in- house with external input, £10,000. Identifying issues, developing strategy stages.	Transport Study Produced externally, £132,183	n/a	Combined internal/external production, £60,000.

Planning Advisory Service

Local Government Improvement and Development
Layden House
76-86 Turnmill Street
London EC1M 5LG

Telephone **020 7664 3000**
Email **pas@local.gov.uk**

www.pas.gov.uk

The Planning Advisory Service provides consultancy and peer support, learning events and online resources to improve local government planning.

Sign up for email updates online at **www.pas.gov.uk/register**

PAS is a **Local Government Improvement and Development** programme and part of the **Local Government Group**. We are funded directly by the **Department of Communities and Local Government**.



© Local Government Group, August 2010

For a copy in Braille, Welsh, larger print or audio, please contact iHelp on 020 7664 3000.

We consider requests on an individual basis