

## **Committee: Sustainable Communities Scrutiny Panel**

Date : 16th March 2016

Wards: all

### **Subject: Shared Services and potential changes in Development Control services**

Lead officer: Chris Lee, Director of E&R

Lead member: Councillors: Andrew Judge , Nick Draper, Judy Saunders, Edith Macauley

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#### **Recommendations:**

A. That Members discuss and comment on the report.

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## **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1. To inform members about the Departments consideration of Shared Services and also to update Members on the Governments consultation regarding possible changes in the way that Planning Applications may be handled in future.
- 1.2. The Department has an approach to Transformation which considers shared services as one of a range of potential opportunities to improve value for money. The Department has successfully established a Shared Regulatory Service Partnership which is looking to expand. Work is underway to explore the benefits of establishing a shared Planning service with R.B. Kingston and Sutton Councils.

## **2 DETAILS**

- 2.1. **Shared Services**
- 2.2. Members asked for an update on Shared Services. Shared Services are one of a number of service delivery options available. They rely upon willing partners entering into legal agreements for the provision of services. They are particularly suitable for service areas where there is an absence of a mature market in which services could be market tested or externalised. Historically Merton has successfully provided the majority of environmental services in house, however, the financial challenge now facing services is such that this independence offers neither the economy of scale necessary to deliver financial savings nor the resilience required.
- 2.3. The Council has faced and continues to face a huge financial challenge. The adopted approach to service planning is to develop a Transformation Plan every 2 years which analyses the operating environment and sets out the Target Operating Model for the business over the coming 5 years. Table 1 sets out some of the areas where this is being developed and implemented.

Service	Position
Regulatory Services	<p>In August 2014 a Regulatory Services Partnership was established with Richmond Upon Thames Council. Merton is the Lead and Host Authority and all staff are now employed by Merton. In respect of governance, the service is overseen by a Joint Regulatory Committee with two Member representatives from each Council. The Joint Committee meets on a quarterly basis and is supported by a Shared Service Management Board that meets on a monthly basis. Savings for both boroughs have been delivered and further efficiencies and policy and practice harmonisation is being explored. The service provides greater resilience, especially where technical expertise can be shared across a broader base – eg Air Pollution matters and allows for more comprehensive monitoring/management of major events. such as The annual AELTC tournament.</p> <p>The service is now exploring the opportunity for its expansion to include Wandsworth Council. Work is underway to develop the Business case and project plan for this. In advance of this the service is working through a programme of improvement in business management to establish sounder arrangements for pricing and charging for services as well as exploring IT systems across the whole enterprise.</p>
Development & Building Control	<p>Work is underway to explore the business case for a shared service with Sutton and the Royal Borough of Kingston Upon Thames Councils. A report [ see Appendix 1 ] was taken to Cabinet in March setting out the current thinking. It is hoped that the business case will establish a sound basis upon which to establish a shared service for the processing of planning applications and Building control work . In the event of a shared service being established then planning policy and planning decisions would all remain sovereign matters for the boroughs concerned.</p>
Parks / Grounds maintenance	<p>From April 2017 Merton and Sutton Councils will enter into a contract for services across parks , cemeteries and open spaces. Work is underway to identify how the Client management can be optimised and where there are opportunities for sharing capacity in order to save money.</p>

Table 1

- 2.4. Other areas where shared services may be appropriate and where opportunities will be explored over the coming years include :
- Property
  - Passenger Transport / Fleet management
  - Community safety
- 2.5. Officers are mindful of and seeking wherever possible and practicable to be consistent with the recommendations of the O&S Commission task group of July 2015. The Executive Summary and recommendations are appended at Appendix 3 to this report .
- 2.6. **Potential changes in Planning**
- 2.7. The purpose of planning is to help achieve sustainable development. It is important that the planning system supports the delivery of the high quality new homes and supporting infrastructure that the country needs. In pursuit of this the Government is consulting on the proposed approach to implementation of measures in the Housing and Planning Bill and potential secondary legislation. The complete consultation document is appended at Appendix 2. This report seeks to draw attention specifically to chapter 8 and inform Members of the possible changes in the processing of planning applications.
- 2.8. Chapter 8 of the consultation document seeks to explore the creation of competition in the processing of planning applications. This will not include changes to decision making on applications which will remain with the local authority whose area the application falls within.
- 2.9. What is proposed ? – In a number of specific geographic areas across the country, for a limited period of time , a planning applicant would be able to apply to either the planning authority for the area or an ‘approved provider’ (a person who is considered to have the expertise to manage the process of a planning application) to have their planning application processed. The thrust of the proposal is to reduce cost without affecting quality.
- 2.10. Consultation is underway on the broad principles for how this would operate. The principles are :
- 2.11. Scope - Whilst the final decision on an application will rest with the authority based on a report and recommendation from their own officers or from an approved provider where the applicant has chosen to go to one . Government is looking at whether competition should include both approved private providers and local authorities competing for the processing of all planning applications in test areas. However this could be limited to just local authorities or specific types of planning applications.
- 2.12. Fees – A market might work best where providers can set their own fee levels enabling them to set different levels for different levels of service.
- 2.13. Standards / performance and information – How quickly will the decision be taken after the approved provider has complete the work and produced the

report . How will standards and performance be maintained during the testing of competition, how will information be shared across providers and local authorities and what safeguards are needed.

- 2.14. The consultation closes on 15th April after which we should know more about the Government's intention. Officers will be preparing a response and welcome the input from Scrutiny Councillors. The proposals highlight the following issues :
- 2.15. The proposals pose a fundamental question regarding the role the Council plays in Planning decisions. At present income from planning applications does not cover the cost of handling them and with a significant increase in 'prior approval' applications that carry no fee combined with no control over fee levels this is not a viable business. If a market is developed then the authority may have the choice as to whether it allows that market to meet some needs. However it is clear that the Council will retain some handling of applications and the need to maintain a policy and decision making function. However, it is unclear where the handling of applications that carry no fee income would be handled – The expansion of Permitted development and 'prior approval' applications with no fee income would be unlikely to attract approved providers.
- 2.16. Who would be the 'approved providers' ? There is a very limited market of external bodies which includes Capita for example, who provide the Planning service for Barnet Council following their creation of a Joint Venture. This Joint venture provides all this work as part of a much larger contract package covering white collar services across environment & regeneration. Other Council Planning Authorities are also seen as approved providers – assuming they establish themselves to undertake this work. We would wish to explore whether this is work we would consider taking on.
- 2.17. 'Approved providers' have been compared to Approved Inspectors in the Building Control sector. However the circumstances are different in planning which is policy driven as opposed to governed by national or London building standards. It also relies heavily on a consultative process and a high degree of judgement based on a range of inputs. In addition Planning requires a decision at the end of the process and there may be an incentive on providers to promote the applicants desired decision as opposed to one which is impartial and based upon the relevant policies.

### **3 ALTERNATIVE OPTIONS**

- 3.1. There are alternatives to shared services and these are explored as part of the service planning and Target operating model approach adopted by the Council.
- 3.2. With regard to planning. The council is already exploring a shared service and is keeping an open eye on the Barnet approach. The creation of a competitive market for planning may create other service delivery options.

### **4 CONSULTATION UNDERTAKEN OR PROPOSED**

- 4.1. None.

### **5 TIMETABLE**

- 5.1. A planning / building control shared service is being explored for 17/18 Financial year at the earliest. A further report will be brought to Cabinet in September 2016.
- 5.2. The consultation on planning changes runs from 18/2 to 15/4/16.

## **6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

- 6.1. The following table shows the current direct budgets (as at period 10) for Development and Building Control (Excl. depreciation):

	<b>DEVELOPMENT CONTROL</b>	<b>BUILDING CONTROL</b>	<b>TOTAL</b>
<b>EXPENDITURE</b>	£1,282,730	£613,290	£1,896,020
<b>INCOME</b>	(£1,065,990)	(£915,010)	£1,981,000
<b>TOTAL</b>	£216,740	(£301,720)	(84,980)

## **7 LEGAL AND STATUTORY IMPLICATIONS**

- 7.1. The Council has a duty to provide a Planning service Providing , trading and charging for services has been a feature of Local Government for a considerable time and is covered by legislation including within The Local Government Act 1972, 1976 and 2003

## **8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

- 8.1. There are no specific issues.

## **9 CRIME AND DISORDER IMPLICATIONS**

- 9.1. There are no specific issues

## **10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

- 10.1. There are no specific issues

## **11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT**

1. Planning Shared service – report to Cabinet 7/3/16
2. Technical consultation on implementation of planning changes – DCLG consultation February 2016
3. O&S scrutiny task group report July 2015 Executive summary and recommendations

## **12 BACKGROUND PAPERS**

- 12.1. none

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