North York Moors National Park Authority
Finance, Risk, Audit and Standards Committee

4 February 2019

Benchmarking and Scoping Review of the Development Management Service

1.	**Purpose of the Report**
1.1	To inform Members of the key findings resulting from two external scoping reviews of the Authority's Development Management Service undertaken in November 2017 and April 2018, report on progress in implementing actions arising from them to further improve cost efficiency of the service and agree further actions.

2. **Background**

2.1 One of the Authority's Financial Principles set out in the 2017-20 Business Plan is to *"Undertake a benchmarking exercise to ensure that planning applications are delivered in the most cost effective way."* The focus of such a review was to check that the basic unit cost of running the service (i.e. cost per application) compares well with other planning authorities and allows a cross check with our past figures. This follows the significant restructuring of the development management team in 2011/12 which was introduced in response to the financial constraints facing the Authority at the time (but with awareness that most other planning authorities have been forced to reduce their costs too. The reviews have been positive about the NPA's Development Management work both in terms of cost and performance and have identified areas across the service where action and changes can be made to further improve efficiency and reduce costs further.

2.2 Two separate external reviews were commissioned. The purpose of two reviews was firstly to get a 'professional' planning view of the quality of the services being delivered and, secondly, to get a clear understanding of unit costs and benchmark these. It was anticipated that the outcome of both reviews would provide guidance on how to improve both the quality and efficiency of the service. This report includes references to both reviews and the full reports are available to be viewed on the Members Extranet.

2.3 The first review was undertaken by POS Enterprises which is the operational arm of the Planning Officers Society and identified issues that may be reducing the current efficiency of the service and advise on where further improvements might increase the speed of decision-making, improve efficiency and raise service standards. The second review was undertaken by ValueAdding, the consultancy that was used to review all of the Authority's services in 2011/12. This looked in more detail at the total and unit costs of the DM service and assessed the workload in relation to staffing levels. Both reviews offer highly useful external opinions of how we are performing and have identified areas where we have examined to make even further improvements to service and outcomes. This report sets out the main findings of each review separately and provides an update on changes that have been introduced in response to the findings.

3 **POS Enterprises – Development Management Scoping Review – Main Findings**

3.1 The first review was undertaken in October 2017 and consisted of a two day visit by the POS consultant who spent a day with DM staff and held broad ranging discussions with the Director of Planning and Head of Development Management.

The second visit was to attend a service meeting with planning staff and then to observe a planning committee meeting.

3.2   Over 20 separate issues were identified and areas highlighted where officers should look to assess whether changes should be made to existing procedures/systems. These are set out in a "traffic light" table which highlights where current good practice is endorsed, where further monitoring or consideration could be given and areas where change is recommended. This forms annex 1 of the report which provides an update for Members to note where further action and changes have been implemented.

3.3   In summary, this report found that the service was working well, though it raised concerns over capacity and the ability for the service to perform as well if there was an increase in activity. The over reliance on the managerial post in the administrative team was also identified. The areas identified that it suggested should be subject to further consideration, such as planning advice fee increases, IT improvements and strengthening skills in administrative and technical staffing have now been implemented. The most encouraging issue to emerge was that the consultant considered that the Planning Committee meetings demonstrated a good working relationship and trust between officers and members resulting in a well-run meeting with constructive debate and well measured decision making. In fact the report states that the meeting observed was the best committee meeting the consultant had seen.

4.   **Value Adding (VA) – Development Management Value for Money Review**

4.1   The second cost focussed review assessed the DM service from the point of view of total cost, unit cost and outcomes. It was therefore more reliant on data than observation of practice and procedure, and it analysed downloads from the planning software system looking at the costs involved in various stages of the planning application determination process. This enabled the review to draw a direct comparison with the service performance in 2011/12 in terms of value for money.

4.2   As in the previous review, as well as headline findings, there were a number of areas identified where further consideration is likely to improve performance and specifically value for money. The "high level" results looked at 10 key parts of the determination process and compared the outcomes in terms of value for money with the findings in 2011-12 and also looked at 2016-17 as well as 2017-18. These "headline comparisons" are set out in Annex 2 of this report and the areas highlighted as in need of consideration are dealt with later in this report.

4.3   The key headline finding relates to total and unit costs and the following table shows these as comparisons with other years:

Total and Unit Costs

Year	No. of Applications Received	DM Processing Costs	Broad Unit Cost
2011/12	727	£295,332	£406
2016-17	814	£279,995	£344
2017/18	767	£283,699	£370

4.4   The broad unit cost of processing an application has reduced from £406 in 2011 to £344 in 2017 and £370 in 2018. The slightly increased DM Processing cost this year was associated with backfilling for a maternity leave in the administration team and by a reduction in application volume.

Clearly these costs will fluctuate depending on workload, however, extrapolating since 2011 and with a 1% per annum rate for wage inflation over this period VA would have expected the total processing costs to be £316,636. The report states that the actual cost of £283,699 implies good control of resources and head count. Its headline conclusion is that:

> "*Our opinion is that the service is providing better Value for Money than when previously assessed.*"

The report also concludes that:

"The improvement in performance appears to have been driven by changes in working practice, amendments to the scheme of delegation and close monitoring of costs. Additional changes such as the implementation of M3 and the increasing use of electronic methods are contributing positively to this result and we note that this work is continuing."

4.5   As can be seen in annex 2 however, there were three areas where VA highlighted the need for further consideration to improve performance – these were: -

- A significant increase in Committee costs per application (see table below)
- An increase in the number of applications being submitted as "invalid"
- A high rate of "work in progress" or applications on hand, leading to "peak times" where applications are determined towards the end of the statutory time period.

Delegated and Committee costs per application

Process Costs	2011	2017	2018
Delegated	£152,220	£182,398	£192,985
Committee	£60,483	£41,101	£41,137
Unit Costs			
Delegated	£239	£249	£265
Committee	£665	£956	£1,083

4.6   As a result of the increased delegation rate since 2011 the process costs of committee decisions has reduced by 32% however, the unit cost for a committee decision has increased substantially by 62%. This is caused by the large fixed cost inherent in the process and the low number of applications going through it. The report states that the correct response is to reduce the total cost which can be either through holding fewer committee meetings or reducing the number of planning staff involved in the committee process.

4.7   Having considered this, officers advised that the former action would be less disruptive than to adjust existing well tried and tested processes and is less risk prone in terms of potentially lessening controls and measures considered to be important to protect the integrity of the decision making process. As pointed out by the first review, our Planning Committee meetings are seen to be very successful and the adage of not fixing something that is not broken is very relevant here.

Additionally, the review has looked only at the planning application decision role of the Planning Committee – which of course has a wider "planning remit" covering important planning policy matters as well which are part of the overall fixed cost. As Members are aware this issue has now been acted upon with an agreed reduction of Committee meetings from 12 to 8 per year.

4.8   The report highlighted that the Authority receives a larger than average rate of planning applications which are not "valid", i.e. cannot be put through the system for processing as they may not have the correct information (e.g. no payment received, lack of design and access statement where needed, not signed, insufficient plans to identify the site etc.). Such applications are then put "on hold" until the correct information is submitted and this of course leads to an element of "double vetting" as such applications need to go through the validation process again. Although clearly it is beneficial to reduce this rate, the team do not share VAs concerns that this is creating any significant additional work and therefore cost. This is because it takes very little time for the planning admin manager to assess validity – and it is not a case of spending significant time trying to validate an application before realising it is not valid. However, feedback to agents is important in this area and we have changed the timeframe for keeping applications on-hold from 6 months down to a single month. This is encouraging agents to get it right first time and we are now seeing applications getting validated and moving through the process faster as applicants/agents are addressing matters more promptly. As this was raised as one of the areas of potential concern it might be appropriate to set a measurable target for improvement and this is picked up in this report's recommendation.

4.9   In terms of the high work in progress, measures have been implemented to smooth out work flows and additional staff resources at a technical level have been introduced through the new planning graduate post. This will ensure that more straightforward applications can be dealt with in week 6 and 7 rather than waiting on senior planning officers desks for release nearing the eight week determination period. Much of this is also a matter of working practice and a culture of "storing work" until the last minute, which we are working to change. However, again, this is an area where it might be preferable to set ourselves an improvement target.

5.   **Benchmarking with Others**

5.1   Although the reviews have successfully provided a benchmark comparison with our previous performance, we also wanted to compare our service in terms of value for money with other local planning authorities and National Parks as previously. Preparations were made to benchmark with a number of local planning authorities within Yorkshire and other English National Parks of similar size and workload. Unfortunately despite showing interest initially, as the review progressed only one other National Park was able to set aside some time to participate in the benchmarking comparison. A number of contacts were made by both officers here and by VA directly to these authorities however, in the end they declined to take part for a variety of reasons. At the time of writing the report the New Forest has re-engaged and so we do expect to have comparisons with two other National Parks.

5.2   However, although this is disappointing, the benchmarking with the other National Park does provide a useful value for money comparison and the subsequent discussions held with planning staff there is useful to both Authorities. VA have also provided costs from other local planning authorities (a mixture of rural and urban) outside London and again this is useful in comparing broad unit costs, which levels out any differences in size and workload of authority. The key areas are shown in the table below:

Benchmarking on key cost areas:

Draft Comparison – End Oct 2018	North York Moors	Another National Park	Samples of 24 LPAs
Cost of Processing DM Applications	£283,699	£562,557	£782,740
Applications Received	767	968	
Broad Unit Cost	£370	£581	£380
Processing cost of a delegated decision	£265	£320	£231
Processing cost of a Committee decision	£1083	£1148	£551
Planners and Admin Staff	7.7	13.9	
Average cost per FTE (full employment cost)	£35,940	£39,413	

6. **Conclusion**

6.1 Officers consider that this exercise has been extremely useful, both in terms of confirming that the cost efficiencies introduced as a response to austerity measures in 2011 have not only been maintained but improved with subsequent process changes, increasing use of IT and careful management of staff/workload ratios. The Authority's development management function is very good value for money and compares well with others in this respect. However, the VA review stated right at the outset that:

"*Taking all measures in the round, we encourage organisations to remember that cheap is not always good" and expensive is not always bad".*

With this in mind, we are clear that other performance indicators regarding quality are as important as cost, such as appeal rate success, quality of built outcome and customer satisfaction. Whilst these reviews have alerted us to the need for a constant eye to monitoring and seeking opportunities to improve cost effectiveness, this is not at the expense of ensuring that the planning function helps to meet the Authority's strategic priorities and its essential role in delivering National Park purposes.

6.2 In terms of those areas which have been identified for further monitoring and improvement (e.g. reducing the number of invalid applications and ensuring those applications that can be discharged well in advance of the statutory 8 week period are released) we will consider appropriate targets and report on them in 12 months' time. Similarly our benchmarking with the New Forest will be reported back in due course.

6.3 Since the reports, Officers have agreed to initiate a piece of work to develop resilience in the Authority's administrative teams (about 10% of the workforce is employed in an administrative capacity at different levels). This will look at ways in which administrators can better support each other, examine a range of processes (for example, the link of incoming phone calls for planning via the customer service team) which link the teams.

The overall aim, as well as creating resilience, is to create additional capacity without increasing costs and develop opportunities to make savings.

7. **Financial, Staffing and Legal Implication**

7.1 There are no other specific financial, staffing or legal implications arising from this report.

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8. **Recommendation**

8.1 It is recommended that Members note the report, endorse the changes which have been made to improve performance in value for money and agree that the Senior Leadership Team should agree suitable targets for a) invalid application numbers and b) approvals within six weeks and agree the best use of time saved from the reduction in committee frequency.

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Background papers to this Report   **File ref**

1. POS Enterprises – North York Moors National Park Authority – Development management scoping review _ **Final Report** – November 2017
2. North York Moors National Park
   Development Management – Value for Money Review – April 2018

POS Enterprises

North York Moors National Park Authority

Development Management Scoping Review -

Final Reports

Schedule of Findings and Further Actions

■	Need for action to address an issue
■	Consider whether action is needed/keep under review
■	Good practice noted or already actioned

POS Finding/Recommendation	Report Ref.	Officer Response	Action	Cost/Time Implications
1) Weekly DM Team meetings should also on occasion act as a case conference meeting to discuss major cases involving other non-DM staff as appropriate.	pp3.4	Agree – A wider project team approach to such more contentious and large scale applications has previously been discussed		No significant ones **Implemented**
2) Pre-application Charging should be reviewed as it is suggested that in comparison to local authorities some of the pre-application charges are very low. Should however be included in the planned benchmarking exercise first.	pp3.5	Agree – Include in benchmarking study and review for implementation in April 2018		Potential to increase income – from 2018/19 **Implemented** – new fees introduced in April 2018 and further increases agreed by Authority to commence in April 2019

3) Good Scheme of Delegation resulting in high level of delegated decisions	pp3.6	Noted	-	-
4) Performance on major applications is very strong but the authority should maintain a close watch on the recent dip in performance levels for both minor and other applications even though these levels are still well above both the authority's internal targets and the Government's national targets.	pp3.8	Noted and PIs subject to close monitoring		-
5) There has been a noticeable improvement in the consistency of delegated decisions since the teams were combined into a single office area under a single team leader.	pp3.10	Noted – Endorsement of Team structure		-
6) Good record on Ombudsman/JR cases – Demonstrating a cautious approach to decisions making and risks	pp3.11	Noted – though need to ensure cautious approach is balanced in terms of flexibility and a proportionate approach		(Pre-dated recent LGO finding on the Enforcement Cost Recovery Scheme)
7) Consider shortened "checklist reports" for simple householder applications	pp3.12	For consideration		Potential to reduce time and cost per application
8) Avoid upward delegation of signing off applications to ensure the signature should be that of a professionally qualified planning officer in the absence of the Director of Planning.	pp3.14	Noted – and agreed		
9) The team is lucky in having access to the services of a solicitor for four days a week through contract with Scarborough Council	pp3.15	Noted – Endorsement of NPAs legal advice arrangements		-
10) The Park's Planning Committee is unusual as its meetings have a section at every meeting for both enforcement and policy updates and the committee also acts as the decision-making body for policy decisions. Including such items on a formal, regular basis is to be applauded as it highlights a strong link between policy, development management and	pp.3.16	Noted – Endorsement of NPAs Planning Committee role and content – combining policy and decision making		-

enforcement and provides a clear context for decision making.				
11) The meeting observed demonstrated a good working relationship and trust between officers and members resulting in a well-run meeting with constructive debate and well measured decisions being made. It was, in fact the best committee meeting that the consultant has observed.	pp3.17	Noted and welcomed – Need to ensure this continues and isn't taken for granted		
12) It was therefore surprising to hear that there is not much proactive contact from elected members to case officers apart from at Committee and that there is no discussion at Chairman's briefings about how local issues might affect decisions. This could be, partly, because committee members are not politically aligned, but could also be a further demonstration of the authority's very cautious approach to avoid risk through predetermination. However, it is important that officers are made aware of local nuances so that there are "no surprises" at committee meetings and in many authorities the Chairman's briefing is the best opportunity to ensure that officers receive feedback and can seek more information or prepare appropriate responses ahead of the meeting.	pp 3.18	A clearer idea of what Members think are key issues prior to the Committee would be helpful so they can be addressed in time for the meeting. More feedback would result from informal training days – looking at past decisions on the ground and these should be re-introduced		No significant implications – this is already happening
13) The consultant heard that no agents' forum meetings had been run for some years, although the Director of Planning was conscious of the need to re-introduce such meetings on a regular basis. Such meetings, especially where the number of agents involved is quite small, can be extremely useful in communicating changes to operating processes as well as building a better working relationship	pp 3.19	Consider an Agent's forum when resources allow – and to pick up other matters such as changes to ways of working (e.g. validation)		None significant
14) This lack of pro-active communication with agents also results in a reluctance on the part of case officers to report back on the progress of cases to agents, until the report has been written and a decision made. Better communication at	pp 3.20	Not sure this is a valid conclusion – feedback to agent's applicants is encouraged early on and there are no recent		

an earlier stage can often result in a better final scheme that is easier to approve.		issues of applicants being surprised by decisions.	🟧	
15) The authority undertakes a survey of applicants and agents on a biennial basis. Despite the concerns about proactive communication with agents discussed in 3.17 and 3.18, the results of the last survey are extremely positive with some 85% of applicants and agents, even those who have failed to receive permissions, scoring the service 4 or 5 (the highest scores).	pp3.21	Noted	🟩	
16) The results of the residents' survey, however, are not quite so positive. There is a lack of understanding about why the authority would want to promote more jobs, particularly in respect of gas exploration and the potash mine, with 60 objections being received to the siting of a single telecoms mast.	pp3.22	Noted – need to communicate national changes in the Planning system through our Parish Forums/Parish planning events/meetings and direct newsletters to residents	🟧	None significant
17) There is a formal complaints procedure in place but only two complaints were upheld in the last year out of the 20 or so complaints received. Most complaints relate to decisions which the complainants feel have gone against them. The current procedure is very onerous and it would be helpful to the authority if some good practice examples could be provided with the aim of simplifying the process.	pp3.23	Noted, though formal complaints system already recently reviewed	🟧	
18) The enforcement team consists of 2 planners and 0.5 of a technician. They have a high caseload of complaints but are working very efficiently and report back to both the Departmental Team Meeting and the Planning Committee on a regular basis and seem to have a significant level of success.	pp 3.24	Noted	🟩	
19) The consultant was concerned to see that two large plan printers were located adjacent to case officers' desks with no baffle-boards to isolate them, causing significant noise disruption in the room throughout the day. It is	pp 4.2	New room layout being prepared to create a joint DM/enforcement office with printers etc removed	🟥	Some budget implications – **printers now removed and office**

recommended that these printers should be moved, if possible, to another area and that if this is not practical then suitable sound baffle board should be provided			■	**moves implemented**
20) The case officer team consists of 4.2 planners and 0.5 of a technician who deal with on average 546 applications a year plus an equivalent number of enquiries, pre-application requests and permitted development requests. The estimated average number of cases would therefore work out at between 700-750 per annum giving a rough caseload figure of about 150 cases each. This seems on the high side as most authorities would now expect staff to hold a case load of about 80-90 applications each. This is an area for concern and it will be an important comparison figure to review from the proposed benchmarking exercise	pp 4.3 & 4.4	Conflicts with later ValueAdding Assessment – but will need to see benchmarking figures	■	Keep under review – current ratio of officers/caseload is not causing performance problems
21) It is clear that too much reliance has been placed on the Administration Officer in the past and this is obvious risk for the authority. In an ideal world, all validations/registration tasks involved in an application would be dealt by a single administrator/technician on a "nose to tail" basis, ie. from arrival in the office until the decision notice is despatched. This may not be possible currently, but it should be the long-term aspiration. Seeking to increase the establishment with an additional post at a level halfway between the Officer and the Technician posts will provide a short-term solution but encouraging all those involved in validation to learn to undertake more of the duties so that the staff are interchangeable is strongly recommended.	pp 4.7 & 4.8	It is proposed to recruit a planning graduate and increase an admin post to Grade C to address this matter	■	Very small increase in staffing budget required, to be met from additional planning fee income **These changes have now been implemented**
22) The consultant also noted that all the staff in this room were having to work using single screens. This is the first authority visited by the consultant where validation staff have been trying to work through the plotting process and	pp 4.9	Noted and actioned with move to fuller electronic working in June 2018	■	**Implemented**

histories element of application validation, from a single screen. Continual switching/minimising and opening/closing of layers is not a very efficient way of working and providing second screens could significantly speed up the validation process.				
SUMMARY: The consultant's view is that the service is working well, in the main, although there are some areas where workload is high and, as has been shown by the problems resulting from the Administration Officer's maternity leave, there is little spare capacity anywhere in the department, in the event of an increase in activity. The authority must think very clearly about how it utilises the extra fee income that is proposed by the Government, to ensure that this is spent in the right areas of the development management service to provide additional capacity at the right level. The proposed benchmarking exercise should provide some assistance with this, as long as the information requested is carefully targeted. In conclusion, the team needs to ensure that in moving this agenda forward they maintain (or even improve) their standards of performance and can retain the resource required to adequately deal with the level of applications currently being experienced.				

Value Adding DM Review – High Level Results

Measure	Description	2018 v 2011
DM application processing cost (excluding management)	Lower than 2010-2011. Under control and not increasing beyond natural inflation. The balance of work done by staff within and outside the process is appropriate	√
Volume of applications received	Slightly higher 2017-2018 than 2010-2011 but down on previous year – 2016 - 2017	_
Broad unit cost per application	Lower than 2010- 2011. Influenced by the slightly higher volume but also by the reduction in overall processing cost	√
Unit cost per delegated decision (sub set of broad unit cost)	Marginally higher than 2010 – 2011. No change	_
Unit cost per committee decision (sub set of broad unit cost)	Higher than 2010 – 2011, showing there is a fixed cot for this process. The total cost for these decisions is lower due to the changed scheme of delegation	X
Proportion of decisions made by committee	Fewer decisions are now made by the Planning Committee	√
Staff Utilisation	Comparison with previously used workload standards, introduced by Audit Office and PAS show that Officer utilisation has improved.	√
Timeliness	The service is meeting targets set by government for the determination of applications within time limits. No change	_
Work in Progress	The volume of applications in hand is high. This was measured previously but is highlighted in this report as being potentially detrimental to overall performance	X
Validation	The level of invalid applications received is extremely high and has increased compared to 2010/11. This needs to be reversed.	X