

Fees for Planning Applications

Home Builders Federation Response

The Home Builders Federation (HBF) is the principal representative body of the house-building industry in England and Wales. Our representations reflect the views of our membership, which includes multi-national PLC's, regional developers and small, local builders. In any one year, our members account for over 80% of all new "for sale" market housing built in England and Wales as well as a large proportion of newly built affordable housing.

HBF welcomes proposals to simplify the planning fee regime and attempts to ensure that Local Authorities planning departments are effectively resourced and can determine planning applications effectively and efficiently. However, having reviewed the PAS survey and associated findings, HBF has concerns about the basis of the proposed fees which seemingly are not based on any proper costing exercise but a survey of Local Authorities, of which only 45% responded. Without a proper cost basis for the national fee, it cannot be determined whether the proposed fees are 90% of costs. This is particularly relevant when Local Authorities will be able to set their own fees up to 100% of cost recovery as the industry cannot determine how much higher those fees are likely to be. Currently there is a lack of guidance or benchmarking of those fees and it is considered that this should be completed prior to new planning application fees coming into force.

Question 1: Do you support the proposed National Default Fee Schedule, set at 90% of full estimate cost?

Yes / **No** / Unsure

Please explain your reasoning.

HBF fully supports the effective resourcing of Local Authority Planning Departments and is encouraged that planning fees will now be ringfenced for development management through the Planning and Infrastructure Act. This will greatly assist in improving the efficiency of decision-making. However, as identified above, given the basis of the 90% of cost is not robust, it is not possible to determine whether it is actually representative of the cost of processing and determining planning applications.

Moreover, even if it were, such a high percentage of cost recovery will not encourage LPAs to resource effectively or process applications efficiently. There is a risk that such high fees will bake in inefficiencies in the system, meaning Local Authorities do not focus on effective recruitment and retention of staff, instead using highly paid agency staff and not using a proper hierarchy of officers to determine the appropriate planning applications.

It is considered a lower percentage of full cost would help drive further efficiencies. An

appropriate level of full cost recovery might be 75% or 80%.

Question 2: Are there any proposed fees in the National Default Fee Schedule that you consider to be unrepresentative of 90% of estimated full cost levels for LPAs (either too low or too high)?

Yes / No / Unsure

If yes, please specify which application categories and provide evidence to support your view, including what you believe the fee should be.

HBF offers no comment.

Question 3: Do you support the proposed changes to the fee structures for outline, full and reserved matters applications for residential and non-residential development as set out in the proposed National Default Fee Schedule?

Yes / No / Unsure

Please explain your reasoning.

HBF offers no comment.

Question 4: What further changes, if any, do you think should be made to the structure of fees for outline, full and reserved matters applications?

In your response, you may wish to comment on:

- *whether a more simplified banding structure would be preferable to increments per unit or per area*
- *how fees could better reflect varying site characteristics or levels of complexity*
- *whether the current approach to mixed use development fees should be simplified*
- *how fees should operate for large multi-phase developments, including whether it remains appropriate to have maximum fee levels or caps for reserved matters applications*
- *whether an additional band or higher fee should apply to applications requiring EIA*

Please provide evidence where possible.

HBF acknowledges that the current fee structure is complex and the fee paid may not, in all cases, be commensurate with the level of complexity. However, the opposite will also be true and unless each application was assessed for the number of hours expected to be spent determining it, which would place an excessive administrative burden on Local Authorities, and potentially lead to greater inefficiencies, it is not possible to make the fee system completely representative of application complexities. On this basis, site area and unit numbers remain the most appropriate.

Notwithstanding the foregoing, a surcharge for EIA development would be appropriate to assist in recovering the costs of the more in-depth review of the technical elements of an application by consultees.

Given the intent to develop a number of New Towns across England and the scale and associated timescales for bringing these sites forward, it would be appropriate for these to be considered under a bespoke fee structure. Whilst a number of these sites are in multiple land ownerships, applications are still likely to comprise a large number of residential units and mixed use elements, which would far exceed the maximum fee. In order to resource these applications effectively it is therefore appropriate for a bespoke fee arrangement to apply.

In light of the length of time it takes to bring forward large-scale strategic sites, which now span many years, if not decades, it is considered that it is no longer appropriate to have the maximum fee in relation to the reserved matters stage. Given the length of development programmes, by the time the final phases are submitted, the fee paid will cover only the early administrative costs of processing the application, which will impact on the Local Authorities ability to process applications effectively and potentially encourage high Planning Performance Agreement fees for such applications in lieu of having a proportionate application fee.

The maximum fee remains appropriate in relation to the initial outline application, given complexities of the application do not change significantly as a result of higher residential unit numbers in strategic scale developments. However, given the phased nature of many outline permissions, it is right that reserved matters should attract a fee with every application and not only to cover the administrative costs. The maximum fee in relation to reserved matters applications should therefore be removed.

Question 5: Do you support the proposed changes to the fee structures for applications for agricultural development as set out in the proposed National Default Fee Schedule?

Yes / No / Unsure

Please explain your reasoning.

HBF offers no comment.

Question 6: Do you support the proposal that PiP applications should attract a flat fee for 2 bands?

- PiP applications for developments of up to 9 dwellings
- PiP applications for developments of 10 to 49 dwellings

Yes / No / Unsure

If no, what alternative approach would you suggest and why? Please provide evidence to support your view.

Question 7: Do you agree with the proposed fee level for PiP applications for:

a) developments of up to 9 dwellings - £825?

Yes / No / Unsure

If no, what do you consider to be an appropriate fee? Please provide evidence to support your view.

b) developments of 10 to 49 dwellings - £3,150?

Yes / No / Unsure

If no, what do you consider to be an appropriate fee? Please provide evidence to support your view

Question 8: Do you think the three-band fee structure currently used for section 73 applications remains appropriate?

Yes / No / Unsure

If no, what changes would you propose and why? Please provide evidence to support your view.

Question 9: Should section 73 and section 73B applications be charged using the same fee structure?

Yes / No / Unsure

Please explain your reasoning.

The consideration of applications under s73 and s73B are similar, with the limits on the extent of amendments to the original permission being comparable, whilst noting the description of development can be changed under s73B, albeit the permission cannot be ‘substantially different’ to the original. As such, processing and determining these applications should take similar officer resource and therefore having the same fee is appropriate.

Question 10: Do you think the fee for discharging conditions should be charged per condition rather than per application?

Yes / **No** / Unsure

If yes, what do you consider to be an appropriate fee per condition? Please provide evidence to support your view.

HBF acknowledges that it is often the case that the fee for discharging conditions is not commensurate to the work involved for LPAs or the consultees that comment on these applications.

However, charging a fee per condition will incentivise local authorities to add unnecessary conditions to planning permissions, or devise them in a way that information is required for approval rather than compliance conditions. Whilst guidance exists to minimise the number of conditions on planning permissions, it remains that a large number of conditions are imposed on permissions and given the applicant is invested in reaching a decision, they are too often on the back foot when it comes to negotiating pre-commencement conditions prior to committee.

Because of this, before offering support for this approach, Government must ensure that the number of conditions requiring formal discharge cannot be unreasonably and unnecessarily expanded to inflate planning fees. Progress should be made on the set of model conditions as set out in the draft NPPF (2025) which applicants can draw upon when negotiating with Local Authorities. Successive governments have, over the past decade or so, sought to address the proliferation of planning conditions which have slowed down the planning process and created additional burdens on planning departments. We are concerned that attaching fees to individual planning conditions will establish strong incentives to impose yet more conditions on development without sensible policy justification.

It should also be noted that the 90% cost recovery for these applications, is currently on the basis of a number of conditions being submitted in one application and as such it is likely that if the system is to move to a fee per condition, this fee should be lower than the £435 currently proposed.

Question 11: Should applications for the approval of biodiversity gain plans be subject to a separate fee to reflect the specific work involved?

Yes / **No** / Unsure

If yes, what do you consider to be an appropriate fee level? Please provide evidence to support your view.

Whilst these applications often require specialist input, this is not exclusive to Biodiversity Gain Plans. There are many types of conditions which require input from consultees and as such it would not be appropriate to single these out with a bespoke fee.

Question 12: Do you have an alternative suggestion on how the fee structure for discharge

of conditions could be improved?

See response to Question 10.

Question 13: Do you support the proposal to apply a flat fee of £310 for all other existing prior approval applications that are currently free of charge as well as the proposed prior approval under Class B of Part 15 (if brought forward)?

Yes / No / Unsure

Please explain your reasoning.

HBF offers no comment.

Question 14: Do you agree with the proposed fee for CAAD applications of £964?

Yes/No/Unsure

If no, what do you consider to be an appropriate fee? Please provide evidence to support your view.

HBF offers no comment.

Question 15: Do you support the introduction of a new national default fee for section 106A applications?

Yes/No/Unsure

If yes, what would represent an appropriate structure and fee(s)? Please provide evidence to support your view.

If you do not support this proposal, please explain why.

HBF acknowledges that there are administrative costs of processing these applications, although it should be noted that applicants already pay the legal fees of the Council in preparing and / or negotiating the deed of variation itself.

HBF does not have a view on what the fee should be, albeit, the amount of officer time is usually limited and as such the fee should be limited.

Question 16: Are there any other existing fee categories not mentioned above that you believe would benefit from restructuring?

Yes / No / Unsure

If yes, please specify which categories and explain how you think they should be improved.

Question 17: Do you agree with our working proposal that the planning fee surcharge should be in the region of 10% of the national default fee (subject to further policy development and consultation)?

Yes / No / Unsure

Please explain your reasoning.

HBF supports the principle of introducing a surcharge for statutory consultees, provided it is used only to support their planning related function.

It is not clear in this consultation how the surcharge will be collected and divided between statutory consultees and whether this is done by the Local Authority or MHCLG. Further information should be provided during the next consultation relevant to this surcharge.

In addition, there should be published guidance and targets for those statutory consultees and MHCLG should be able to claim the fee surcharge back if the consultee does not perform. This should then be paid back to the Local Authority.

Without such measures HBF does not support a surcharge.

Simply increasing the costs associated with planning applications without any improvement in the performance of statutory consultees will be detrimental to the government's housing supply ambitions. The creation of the New Homes Accelerator was partly influenced by the relative poor performance of some consultees. Lessons should be taken from the NHA's work with consultees.

Question 18: Do you have any comments on how local fee setting will operate? In particular, is there any additional information that you would wish to see covered through guidance?

As stated previously, HBF supports effective resourcing of LPAs and acknowledges that local fee variation may be appropriate in light of this. However, without confidence in how the 90% figure has been reached, there are concerns that the ability to locally set fees may result in significantly higher fees than the national fee.

Guidance needs to include prescriptive requirements as to what information needs to be published in the consultation phase, to include, officer hourly rates, structure of the planning department, what seniority of officers work on different application types, average time it takes to determine applications, which consultees are paid for through the development management service, associated hourly rates and time given to the service.

All of this information should be published on a standard form issued by MHCLG to ensure there is clarity and consistency nationally.

It is considered that the officer time in relation to preparing for and presenting to planning committee should not be included in the time taken to determine an application. In light of the national scheme of delegation, it would be wrong to incentivise Authorities to take applications to committee and the system should be working toward greater delegation of applications. It is also not appropriate for the training of members to be paid for through locally set planning fees.

It is important that a benchmarking exercise is undertaken and published so applicants can be assured that development management services are operating efficiently.

Moreover, it is not sufficient for the Secretary of State to have intervention powers, the fees, following public consultation should be approved by MHCLG to ensure there is Government level oversight of the local fee setting regime.

Question 19: Do you think local fee variations should be capped? If so, what level would be appropriate - 15%, 25% of the national default fee, or another figure?

- **yes - 15%**
- *yes - 25%*
- *yes - other (please specify)*

- *no*
- *unsure*

Please explain your reasoning

Whilst the consultation states that locally set fees should not exceed cost recovery, in order to incentivise Local Authorities to improve efficiency it is necessary to cap the variation of fees and 15% is appropriate.

Question 20: In the context of localised planning fees, what are your views on the future role of PPAs, pre-application advice and other discretionary charging regimes?

Please provide any suggestions, experiences or evidence to support your view.

Planning Performance Agreements have long been a way of Local Authorities subsidising the cost of running planning departments, since planning fees stopped being ring fenced. In light of new provisions, it should no longer be necessary to charge extensive PPA fees for large scale schemes. Without changes to the PPA regime there are concerns that applicants could be paying over the odds for the development management service.

Existing PPA fees in some case double the amount that an applicant is paying for the application and there is a little consistency around the scale of fees.

A Freedom of Information (FOI) exercise conducted by HBF found that between 2022 and 2025, local authorities in England and Wales received, on average, almost £600,000 per council in PPA fees. Scaled up across the country, this totals almost £200 million over the three-year period.

The FOI received 85 responses from councils. Of these, 12 received more than £1 million over the three year period, seven of which were in London. The City of London received the highest amount during this period, taking almost £5 million.

There is no evidence to link the income from PPAs with improved planning performance by local planning authorities.

In light of the new national default fee working on a cost recovery basis, it should no longer be necessary to charge extensive PPA fees and it is recommended that there should be caps placed on what Local Authorities can charge for PPAs. Guidance should also be issued to require Local Authorities to publish hourly rates and the number of hours to be spent on PPA schemes.

However, HBF acknowledges that it remains in many cases appropriate to charge for pre-application services as these benefit the applicant and Local Authority alike.

As such, it is recommended that PPA fees should only include the pre-application element of the programme but the PPA itself can still cover working arrangements, consultees and the application timetable.