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Dear Ms Amery

PROPOSALS FOR THE ALLOCATION OF PLANNING DELIVERY GRANT 2005-2006
Consultation Paper: December 2004

The Institute is pleased to have the opportunity to comment on this paper, available at http://www.odpm.gov.uk/stellent/groups/odpm_planning/documents/page/odpm_plan_033739.hcsp. We have consulted our regional Branches and the members of our Development Control and Development Planning Panels, as a result of which I can offer the following comments on ODPM's proposals for the allocation of Planning Delivery Grant (PDG) in England.

COMMENTS

Overall purpose of PDG

1. The original concept of what was to become PDG, when first floated in the Green Paper – *Planning: Delivering a Fundamental Change*, was a mechanism to provide extra financial support to the most poorly resourced local authority planning departments, to help them improve their performance. From its introduction, however, PDG has operated as a reward to the better performing LPAs, and has been allocated primarily on the basis of development control performance, but also for development plan preparation and other areas of planning delivery such as e-planning.
2. The Institute welcomes the significant additional funding for the planning service that PDG represents, but we have repeatedly expressed the view that a target-led culture

(epitomised by PDG) promotes short term thinking and works against quality. The way PDG is allocated rewards speed over quality, and is arguably detrimental to outcomes on the ground. Whilst we recognise, and support, the need to drive up efficiency, there remains an equal requirement for a better balance between this and the quality of decisions and outcomes.

3. *Paragraph 2:* The choice of special categories for awards of PDG, beyond the generality of development control and local development plan preparation, seems arbitrary and makes the allocation process unnecessarily complicated.

Payment of grant

4. *Paragraph 4:* PDG is not ring-fenced to ensure it goes to the planning service. Does ODPM have any information on the proportion of PDG that is lost to planning as a consequence?
5. *Paragraph 5:* We agree that it is sensible to give an early indication of the likely PDG award to each authority, so assisting budgeting, allocation of staff resources, and identification of priorities. These can only be on a year-on-year basis, however, because what the consultation paper does not say is anything about the longer term future of PDG. The Institute imagines the outlook is fairly bleak. The Deputy Prime Minister's statement in March 2004 spoke of a 3-year life (2003-06) for PDG, and the current ODPM consultation on planning fees refers repeatedly to "*declining PDG*". Designing a planning fees system to achieve full cost recovery will be of little overall benefit to the planning service if PDG then disappears, though such a move would shift the responsibility for funding from the public to the private sector.

Proportion of Allocations

6. *Paragraph 10:* It is proposed to increase the proportion of PDG allocated to development control (from 53.5% to 59.0% of a higher total). While this can be interpreted as a reflection of the Government's commitment to maintaining the improvements already achieved in this sector, it does little to support the preparation of the up-to-date development plans necessary to support the plan-led system.
7. *Paragraph 13:* We are disappointed by the reduction in the amount of grant allocated to plan-making (from 26.5% down to 12.0%) at a time when it is necessary to provide as much help as possible to LPAs wrestling with the new system of plans. The Institute believes that a large proportion of PDG should be directed towards the plan-making function in LPAs. Better quality, up-to-date plans lead to better development management and thus better development control performance (better policies effectively reduce appeals, etc). Incentives might have been offered for the production of Statements of Community Involvement (SCIs) and their implementation; effective monitoring measures; or even the extent to which an LPA shows a positive approach to culture change.
8. *Paragraph 14:* The logic of the "yo-yo" approach to grant allocations to plan-making, as described here, is difficult to support. It will do little to encourage consistent and sustained performance.
9. *Paragraph 17:* Having criticised some of the special categories for grant allocation (see paragraph 3, above), the Institute is pleased to see an allocation for Housing Low Demand Areas. This acts as a minor counterbalance to the emphasis on the growth areas in the South East.
10. *Paragraph 22:* The Institute welcomes the proposal to devote some of the top slice allocation to student bursaries. After the success of the scheme this year, we hope this can be extended beyond the 144 places currently available.

Allocation rules

11. *Paragraph 29:* It is hoped that penalties for poor performance on appeals will not make LPAs more reluctant to risk getting into appeal situations. Some care will be needed over the application of this measure.

Issues for 2006/07

12. *Paragraph 32:* The Institute notes ODPM's acknowledgment of anecdotal evidence of questionable practices in some LPAs, designed to meet BV109 targets and qualify for higher PDG awards. We have heard the same stories and welcome ODPM's commitment to monitoring the situation. Abatement for poor performance on appeal may not be a total answer to the problem if it is as widespread as has been suggested.

If any of the Institute's comments require clarification or elaboration, please do not hesitate to contact me.

Yours sincerely,

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