

Cabinet Report

Report of Head of Planning

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To: CABINET

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Neighbourhood Planning District Grant Funding Review

Recommendations

1. To cease the district council's neighbourhood planning grant support from 1 April 2020.
2. To use the income from the Government neighbourhood planning grant to support the development of neighbourhood plans.
3. To support neighbourhood planning groups in securing alternative grant funding towards developing new and revising neighbourhood plans.

Purpose of Report

1. To update Cabinet on changes to the Government's neighbourhood planning grants and to seek approval from the Cabinet to bring the current district grant support to community groups preparing or reviewing neighbourhood plans to an end.

Corporate Objectives

2. Supporting and resourcing the development of neighbourhood plans for our towns and villages.

Background

Government Funding

3. The council has a duty to support and advise parish councils, neighbourhood forums and community right to build organisations and pay for the examination and referendum costs. The Government provides grant funding to help councils meet their legislative duties in relation to neighbourhood planning. Specifically, the duties introduced by the Localism Act 2011 to provide advice or assistance; to hold an examination; and to make arrangements for a referendum.
4. Until April 2016 the district council received £30,000 grant funding from Government for each successful neighbourhood plan. From April 2016, the grant available to the district council was revised down to £20,000, payable following the successful examination of a neighbourhood plan and when a referendum date is agreed. The Government has confirmed that this funding arrangement will remain in place until 31 March 2020. Future funding arrangements beyond this time has not been confirmed.
5. In April 2018 the Government's neighbourhood grant scheme was updated. Under the revised arrangements councils can claim grant funding to help meet legislative duties in relation to the review/modification of neighbourhood plans. Changes to the neighbourhood plan (other than for the purpose of correcting errors) is eligible for one of two possible payments, depending on the level of modification undertaken:
 - i) In circumstances where substantive modifications are made to the plan, which require a new examination, but no referendum, the District Council can claim £10,000.
 - ii) In circumstances where more substantive modifications are made to the plan, which require an examination and new referendum, the district council will be eligible to claim £20,000.
6. Claims for both types of modified plan will be limited to one claim per neighbourhood planning area every five years. It should be noted, however, that there are no limits on the number of times the district council may be required to deal with proposals to modify a made plan within a five-year period.

District council grant funding

7. The Grant given by the Government is currently used by the council to provide support for the formal stages of neighbourhood plan preparation. The council also currently provides a fixed one-off grant to community groups (via town or parish councils) preparing or reviewing/modifying neighbourhood plans. The grant amount was initially based on the size of the community as follows: Market Towns £15,000; Larger Villages £10,000 and Smaller Villages £5,000. This was reduced to £2,500 to all constituted neighbourhood planning groups from 1 April 2017.
8. The cost to the council of the publication, examination, and referendum will vary according to the to the complexity of the neighbourhood plan, and the population of the neighbourhood area. The table below shows the last three years average costs to the council including the one-off grant and the costs if the one-off grant is excluded.

Size of settlement	Current average cost to the council including one-off grant per neighbourhood plan.	Proposed average cost to the council excluding one-off grant per neighbourhood plan.
Smaller Villages	£ 10,707	£8,207
Larger Villages	£ 16,632	£14,132
Towns	£ 21,632	£19,132

9. A large part of the district council's expenditure with the formal stages of neighbourhood planning preparation is the fee paid to the Examiner. In 2017 we developed a bespoke approach to procure neighbourhood planning examiners. We stopped using the Neighbourhood Planning Independent Examiners Referral Service (NPIERS) and started to procure examiners directly. Our approach has given the council more choice and we have managed to achieve significant savings as potential examiners provide more competitive quotes and fixed fees when approached directly.
10. Any costs incurred by the district council during the formal stages, which are in excess of available Government grant, is funded by the council. Funds from the Government grant which are not used up in progressing less complex neighbourhood plans help subsidise the costs of progressing more complex neighbourhood plans. Staffing costs associated with supporting community groups and progressing neighbourhood plans through the formal stages are funded by the council. This report does not contain any recommendations in relation to staffing costs.
11. There have been occasions where the district council paid for legal/specialist advice or work/studies to help neighbourhood planning groups overcome obstacles or potential challenges from developers; to support the development of neighbourhood plans and to protect the council against any potential future legal challenges. It is important that the council safeguards its ability to continue to do so.
12. The council does not have any control over the timetable for preparing neighbourhood plans. Any delays in the progression of neighbourhood plans leaves the district council exposed to potential changes in the funding arrangements from Government.
13. Officers have considered the impact of the reduction in funding from Government, of £10,000 per plan, the limitation on claims relating to the review/modification of made neighbourhood plans and the implications of plans potentially failing to pass examination and/or failing to reach adoption.
14. Bringing the district council grant support to neighbourhood planning groups to an end would help ensure the income from the Government grant is reassigned to meet its intended purpose which is to help the council meet its neighbourhood planning

obligations. This would also help safeguard the council's ability to support and resource the development of neighbourhood plans for our towns and villages in the longer term.

15. The end of the grant support is not considered to have a significant detrimental effect on our communities. The Government provide direct support for communities who choose to prepare neighbourhood plans. Community groups can access a range of free help including technical and financial support. Currently the Government's Neighbourhood Planning Support Programme up to 2022 offers;

- a £9,000 grant, which is available immediately following the designation of the neighbourhood area,
- an additional £8,000 is available to groups that meet certain criterion (e.g. allocating a site for housing or including a design code).
- access to technical support which is awarded as a technical work package. Community groups in our district have used the technical support for specific projects such as Strategic Environmental Assessments and Housing Needs Assessments.

Options

To continue to provide grant support

16. Cabinet needs to consider whether it can afford to continue providing grant support to community groups preparing/modifying neighbourhood plans, when there is currently alternative Government funding for communities. In addition, with the risk of further changes to Government grants to district councils, we need to consider how it will fund the administrative costs to meet its legislative duties in relation to neighbourhood planning.

To cease the district council's neighbourhood planning grant support to parishes from 1 April 2020.

17. Without paying out the neighbourhood planning grant support to parishes, the district council can pay for examinations and referendums in the next few years. We can also fund additional work/studies necessary to support the development of neighbourhood plans. This is the option recommended in this report.

18. Alternatively, Cabinet may choose to direct any funds not spent providing neighbourhood planning grant support to parishes to the council's general ledger.

Financial Implications

19. Any decision that has financial implications must be made with the knowledge of the council's overarching financial position. This is as reflected in the council's medium-term financial plan (MTFP) as reported to Full Council each February as part of the budget setting report. The February 2019 MTFP and the budget report showed that the council was due to receive £474,000 less in revenue funding than it planned to spend in 2019/20 (with the balance coming from accumulated New Homes Bonus). This funding gap is predicted to increase to over £5.6 million per annum by 2023/24.

Every decision should be made in cognisance of the need to eliminate this funding gap during the next five years.

20. The recommendation in this report seeks to mitigate ongoing risks. If an examination is not successful or a parish chooses not to continue working on a neighbourhood plan, then there is a risk that we cannot claim the Government grant. In the case of modifications to made plans, if the district council is required to deal with requests to modify a plan more than once within a five-year period, the costs would have to be funded by the council.
21. The council does not control the timetable for preparing/reviewing neighbourhood plans. Delays in progressing neighbourhood plans leaves the council exposed to potential changes in the funding arrangements from Government.
22. The recommendation in this report seeks to mitigate these issues by safeguarding current Government grant funds to help the council meet its obligations to neighbourhood planning.

Legal Implications

23. There are no legal implications by this proposal.

Risks

24. Bringing the district council grant support to neighbourhood planning groups to an end may discourage groups from preparing/reviewing neighbourhood plans. However, officers believe this risk is very low considering the funding and technical support available directly from Government to community groups.

Conclusion

25. Having considered the impact of potential changes to the funding from Government and our own financial position on our ability to continue to offer grant support and meet our neighbourhood planning obligations, it is recommended that the district council grant support to neighbourhood planning groups is brought to an end due to uncertainty of future funding and uncertainty of costs that the council may incur not covered by the Government grant scheme.
26. The income from the Government grant should continue to meet its intended purpose which is to help the district council meet its neighbourhood planning obligations.
27. The withdrawal of this upfront financial support provided by the council is unlikely to discourage groups from preparing/reviewing neighbourhood plans in light of other sources of funding and technical support readily available.
28. Ending the district council grant support to community groups brings more control of expenditure and helps safeguard the council's ability to strongly support the development of neighbourhood plans in the future.