

ValueAdding.com



Benchmarking for Planners

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1 Introduction

Benchmarking is a tool that, when used correctly, will help departments to improve performance and reduce costs. However planning services have traditionally used government imposed targets relating to decision making speed or broad cost measures to compare performance and facilitate basic benchmarking; these have not been successful in identifying **how** improvements can be made.

Now that planning grants are being withdrawn and planning services are under severe cost pressure, partly due to the reduction in income from planning applications, the need to improve performance at the same time as reducing costs is paramount.

This document reports how a group of Councils in London are exploring different benchmarking opportunities to help them improve and is published along with a short survey to which any planner may contribute. Whilst we recognise that it is often convenient to benchmark with near neighbours the principles discussed here are applicable wherever the planning service is located and the survey is designed to gather views of all those working in the profession on how best planning services may benchmark and use comparative techniques to help them achieve the twin objectives of reducing costs whilst improving service.

The report records the proceedings of an event held in October 2009.

2 The current situation

7 of the 11 authorities present reported that application volumes were down and four reported that volumes were holding up compared to a year ago. For most the largest downturn was in the number of Major Applications being presented and this had contributed to a significant drop in fees and S106 income.

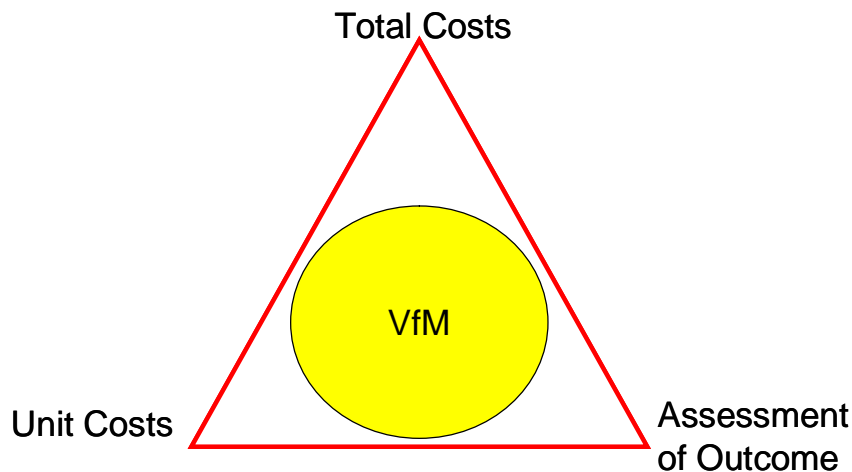
In turn this has applied considerable cost pressures to the department budgets which were already under pressure due to the withdrawal of planning grants and the current cost restraints in local government as a whole.

This has resulted in the freezing of recruitment, reductions in staff numbers and the removal of agency staff. In some authorities there is a ban on using external agents for planning work. Some departments are being encouraged to reorganise and there are significant cost saving targets already in place for many equating to between **5%** and **20%** of budget.

Recharges were identified as an area of high cost and some dissatisfaction.

2.1 Value for Money in Planning

The acknowledged model for describing Value for Money has three basic components and these were described using the diagram below:



Understanding how to assess the outcomes of planning work is considered important and is clearly less “mechanical” than calculating costs, whether in total or by unit of output.

In break out discussions things that drive and increase costs and also potential outcomes for assessment were described as:

Outcome Assessment

1. Quick processing is a particular issue for householders;
 - To facilitate this it was suggested that:
 - The application needs to arrive ready to be processed;
 - This will reduce the amount of double handling;
 - A “passport style check process” might be useful prior to applications being accepted (e.g. as conducted by Hillingdon);
 - § This will be dependent on the nature of application and the customer
 - Applications that comply with design guides could be “Fast-tracked”;
 - § For example if an application complies it should not be eligible for call-in to committee
2. The quality of buildings allowed
 - This is a particular issue on bigger developments that tend to shape the nature of areas;
 - Speed is less of an issue on these applications;
 - Pre-app is a key opportunity to influence quality of design;
 - § Allows technical issues to be flagged early
 - § Allows the planning of consultation early, and informal consultation

- § Allows Members to speak to developers early in the process
 - § Allows negotiation, which there is little room for at application stage
 - The Policy Team can have considerable impact here;
 - § SPG and design guides should link to fast track decisions.
3. The quality of buildings **not** allowed
 - This could be a true measure of quality, particularly from the viewpoint of the general public;
 4. Customer Satisfaction
 - At the moment efforts are made to measure the satisfaction of the applicant but no attempts are made to understand how satisfied the general public are with the service provided;
 5. General Targets
 - Areas for consideration in terms of targets might be;
 - Numbers of appeals dismissed
 - Number of enforcement cases completed
 - Quantity of affordable housing progressed

Cost “drivers”

In answer to the question “What are the elements or characteristics of your work that seem to be driving your costs higher” the discussion groups commented as follows:

- Increasing legislation is creating a greater demand for information up front;
- Sustainability issues tend to be “expensive” to address;
- Numbers of design and access statements which would previously have been managed through the discharge of conditions;
- The number of inquiries is increasing, with challenges on many issues;
- The need for double handling in the applications process;
- The portal does not fully support the applications process;
- High numbers of invalid applications received;
- Delays caused by other services or internal consultees e.g. Legal departments;
- Too much time and hence money being spent on simple householder applications;
- The expectations around Enforcement are too high;
- The interventions of members or the political process as a whole;
- Some pressure to hold more committee meetings or put more decisions to committee.

2.2 The benchmarking “rules”

Prior to presenting a summary of the submitted data the group considered three rules of benchmarking.

1. Definitions are important and must be agreed;
2. Measure the same thing in the same way at the same time;
3. Benchmarking must be designed to lead to opportunities for improvement (it is not just a number gathering exercise).

2.3 Summary of submitted data

For each of the measures presented below a detailed graph was produced and these are reproduced in Appendix 1 published alongside this document; there are some considerable differences between the individual councils. The figures below are averages and although they represent the Inner and Outer London Boroughs that attended the event they are not intended to provide a wholly comprehensive picture of Inner and Outer London performance.

Measure	Inner	Outer
Applications decided "on time"		
Majors	68%	73%
Minors	77%	84%
Other	88%	92%
% decided in 8 th week	68%	68%
% applications approved	69%	65%
% applications refused	22%	25%
% applications withdrawn	9%	10%
% decided by committee	7%	7%
% applications received invalid	39%	48%
% applications received electronically	32%	28%
Applications received per officer	147	197
Response rate to consultation letters sent out	4%	5%
No. appeals as % of applications decided	5%	7%
% of applications "refused" that become appeals	26%	32%
No. of appeals upheld as % of those lodged	34%	27%
Enforcement actions taken as % of those started	21%	6%

The delegates then discussed a series of 14 graphs each showing some different aspect of performance by council and highlighting the data provided prior to the event.

The graphs are in the accompanying Appendix 1 and comments regarding style and format or suitability for benchmarking purposes are noted in the table below where it was possible to give them in the time allowed. As a first stage many of the measures used need accurate definition and comments regarding this are included in the table below.

Importantly it was agreed that many of these graphs describe areas of work where cost is introduced and could be avoided if differing working practices, processes or policies were adopted; e.g. number of applications received "invalid", use of committees, numbers of applications withdrawn, numbers of applications received electronically etc.

Graph	Comment
1. Number of applications received per officer	Define applications as PS2 type only Use FTE of officers – note not all agency staff are involved in applications processing or evaluations. Need to include external consultancy staff, who are recorded as a cost per application, rather than an FTE
2. Applications decided on time by category	Should include invalids on this graph. The individual points would look better if not linked. One council's performance was explained as being due to a focus on performance indicators, with a focus on majors. Another's was explained as coming from a traditional view that speed is not vital.
3. Applications received electronically or on paper	How and who validates applications is important. Stricter validation can reduce conditions.
4. Application type profile including percentage of invalids	Not useful in its current form.
5. Numbers of permanent staff per council and staff bill represented in the "DNA" style (5a and 5b)	The following definitions were discussed: <ul style="list-style-type: none"> • Manager – Strategic Managers above Team Leader level directly involved in the planning process, excluding Assistant Directors. • Planning Officers – FTE officers directly involved in the assessment of planning applications, including Team Leaders. • Technical Support – Staff that exercise technical/professional judgment in the planning process, such as validation. • Administrative Support – Admin and clerical support to the planning process, including scanning and plan processing. • Plans Processing – delete category. • Conservation – amend to Design & Conservation Officers • Appeals Officers – not helpful, as many did not have a dedicated appeals team. If retained use FTE's involved. <p>Graph 5b Same changes as 5a. In addition:</p> <ul style="list-style-type: none"> • Spatial Planning Officers – Change to Policy Officers • Trainee Planners – subsume under Planning Officers
6. Numbers of staff involved in applications and staff bill as above (6a and 6b)	
7. Committee meetings per year and percentage of applications decided by committee	Include the number of applications going to committee in addition to the percentage. An additional question to ask is whether public speaking is allowed at committees (view that it limits committee caseload)
8. % of all applications withdrawn and refused	Can customer satisfaction be included somewhere here? What about lapsed applications?
9. % of applications decided vs time taken after validation	
10. # of consultation letters sent out with response rate	Swap the response rate and number of letters sent out.
11. # of appeals vs total applications, vs applications refused & upheld vs lodged	
12. Enforcement actions started and closed	
13. Enforcement actions taken versus started	
14. Broad unit cost per application	

2.4 **Rough-cut Activity Based Costing (R-c ABC)**

Finally, the basic principles of R-c ABC and how it has been applied to planning services recently were presented and discussed. Specifically it was explained that although each staff member works in one department (Planning) they could be involved in activities relating to different processes (enforcement, appeals, committee); R-c ABC seeks to understand this and allocate costs to those processes based on salaries plus on costs.

In addition the activities undertaken by staff are categorised into one of three types:

Value Adding	These activities should be kept and invested in
Sustaining	These have to be done but should be done at the lowest possible cost
Non Value Adding	These activities should be stopped

From recent studies with 4 London Boroughs it has been ascertained that the proportion of their Application Processing costs that lie in these three categories is as follows:

Activity Type	Council 1	Council 2	Council 3	Council 4
Value Adding	39%	27%	23%	27%
Sustaining	46%	58%	63%	54%
Non Value Adding	15%	15%	14%	18%

This implies that between 14% and 18% of the costs incurred by these councils are unnecessary and could be stopped, forming the business case for change and pointing the way to cost reductions through process improvement.

There is no intention to say that this will be easy but when combined with the potential to reduce costs in the Sustaining activities by improving the way they are done this technique gives management and staff some “direction” with regard to how they might achieve the stringent cost saving targets currently being imposed and without reducing the standards of service delivered.

The discussion groups were then given DNA style graphs showing how these costs are incurred in the different Applications Process sub processes. This illustrates and indicates how different councils spend their time and money.

The mantra to follow is “you can spend your money (and therefore time) however you want but you can only spend it once”

A simple example here is to consider officer time. Is it better spent in committee meetings, or in validating incoming applications or in providing pre-application advice? The answer may depend on individual council circumstances and requirements and can be informed by comparison studies and benchmarking.

In accompanying appendices two and three the DNA data and Unit Cost data for each sub process within the Applications Process are shown, as presented at the event.



3 Additional points

Discussions using these benchmarks provided some interesting insights to how different councils are approaching and tackling problems common to all as well as some pointers to how benchmarking may be made more effective:

- PS2 data should be collated using the natural fiscal quarters in order to simplify collection.
- With regard to staffing costs and recruitment issues one authority has employed graduates, training them to be planners, locking them in for a number of years or seeking a refund if they leave early. This is proving to be a cost effective approach.
- Another is training its planning officers to perform the legal case work, as it is mostly project management. They had reduced their costs significantly.
- One council has now extended pre-app charges to agents working on behalf of householders.
- Another is recruiting non-planning graduates and training them – with positive feedback and of course graduates work for less.
- A major barrier to cost reduction is the possibility of reducing recharges. In one case recharges are 60% of a department's costs, yet they cannot be challenged, so the total departmental savings need to be made from the remaining 40%, creating an exaggerated effect.
- Everyone needs to be putting the same data into the same fields for useful comparison. Areas that need to be clarified include job titles and roles. Appeals and Enforcement work in particular may not be within the Planning department or may be a constituent part of somebody's role as opposed to a separate team.
- Potential outcomes to be considered include
 - The quality of the outcomes from planning in society as a whole;
 - The number of plans refused as well as approved might display value added;
 - Resolving enforcement cases without resorting to legal notices could be considered good practice.

4 Next steps

We will publish the results of our on line survey in one month and the conclusions to the overall study in mid February. In the meantime should there be any questions relating to this report or the topic of benchmarking please contact the undersigned.

A handwritten signature in blue ink that reads "Richard Coombes".

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