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commercialisation in local authority planning

Peter Jones and Daphne Comfort review the development of commercialisation within local government and outline some of the commercial initiatives being introduced by local planning authorities

As a growing number of local authorities are facing up to funding challenges, so they are having to look to commercialise services in order to increase revenue and balance their budgets, as part of moves towards financial self-sufficiency. Civica,¹ for example, the services and outsourcing company, has claimed that 'commercialisation is going to be one of the most important priorities for local authorities over the next decade'. In a similar vein, Carr,² writing for Localis, the neo-liberal not-for-profit think-tank, suggested that 'one of the key ways' local government can secure its finances is to allow 'councils to earn their own way by acting more commercially where they can'.

In its *Guide to Public Sector Commercialisation*,³ the law firm Browne Jacobson suggested a wide range of services 'which may be suitable for commercialisation including financial services, property, care homes, school meals and building and consultancy services', but made no mention of planning. However, there are indications that some local planning authorities are introducing commercial initiatives into their working practices. With this in mind, this article reviews the development of commercialisation within local government and outlines some of the commercial initiatives being introduced by local planning authorities.

Local authorities and commercialisation

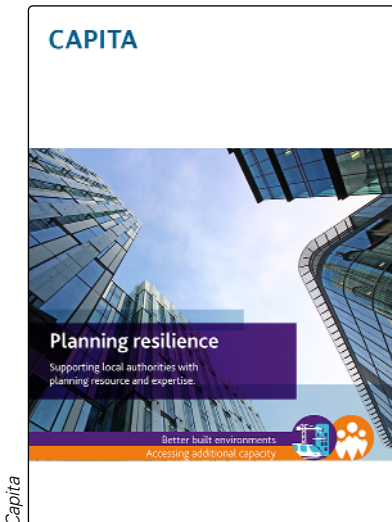
For almost a decade now, as the UK government has reduced funding to local government and to the devolved administrations, so local authorities have come under increasing financial pressure. Carr has suggested that 'local government is facing a perfect storm' in that the 'combination of austerity – in the form of falling government grant – and rising demand, in particular from ageing local populations, is

bringing to the fore questions about the long-term viability of the services councils provide'.²

More specifically, the National Audit Office (NAO) has reported that 'government funding for local authorities has fallen by an estimated 49.1% in real terms from 2010-11 to 2017-18', and that 'alongside reductions in funding, local authorities have had to deal with growth in demand for key services, as well as absorbing other cost pressures'.⁴ At the same time, the NAO also suggested that 'local authorities have changed their approach to managing reductions in income, shifting away from reducing spending on services, to looking for savings and other sources of income'.

Commercialisation can be defined in a variety of ways. The *Oxford English Dictionary*, for example, defines commercialisation as 'the process of managing or running something principally for financial gain'. Browne Jacobson³ has suggested that 'commercialisation means the delivery of services by a public body in a way which results in making profit or reducing costs, although this may not be the primary or only aim of the provision of the services'. The Queensland Government⁵ suggested that 'the primary objective of commercialisation is the efficient use of resources in both service consumption and service delivery'.

At the same time, professional services company Capita has argued that the concept of commercialism might also be seen to involve local authorities 'adopting some of the positive culture and behaviours that are often associated with commercial organisations'.⁶ Here, key attributes might be seen to include the quality and speed of decision-making, customer focus and creativity, the ability and freedom to attract and retain top talent, and the



Capita

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ability to invest for the longer term. Dorset County Council,⁷ for example, listed ensuring 'good customer relationship management to achieve loyal customers' and 'identifying new opportunities', avoiding negative impact on our business communities' and maximising 'our unique selling point(s)' among the objectives of its commercialisation and income generation policy.

More practically here, the Local Government Association⁸ offers guidance on a range of topics, including formulating commercial strategies, dealing with commercial partners, improving negotiation skills, and applying their enhanced commercial skills and knowledge to improve business performance.

As a concept for delivering public services, commercialisation is not a new idea. In the 19th and 20th centuries, for example, municipal enterprise had powerful political advocates, but Carr² has suggested that in the modern era opportunities for local authorities to adopt a more commercial approach can be traced back to the coalition government's 2011 Localism Act. Browne Jacobson³ suggested a number of reasons why local authorities might 'consider commercialisation', namely:

- 'safeguarding the provision of essential public services by delivering them through a new model which reduces cost or generates profits';
- 'generating revenue through trading profitable services';
- 'generating economies of scale and efficiency savings to reduce the costs of service delivery';
- 'providing a greater choice of services to address wider needs in the local area';
- 'exploring new options to ensure value for money and modernisation'; and
- 'retaining jobs and the availability of expertise within the public body'.

At the same time, Carr claimed that while the use of the term 'commercial' often means 'producing bankable returns for the public purse', it also embraces 'developing new markets or influencing existing ones, creating jobs, equipping residents and/or council staff with skills, or using commercial means to forge positive relationships with private, public or voluntary sector partners'.²

That said, Carr² identified a number of challenges to greater commercialisation by local authorities, including 'changing the ethos of local government', 'raising the capital', finding 'new ways of working with the private sector' and 'sharing the proceeds of growth'.²

In addressing the first of these challenges, for example, he recognised that the language of commercialisation 'would have been totally alien to the public sector forty years ago' but claimed that 'local government should get the credit for adjusting to the new world'. He recommended that local authorities, and professional bodies, should 'increase the focus on commercial and financial skills as part of officers' professional development'. He suggested that 'to date, councils have tended to see private sector clients as suppliers delivering a specified set of service outputs', but argued that 'there is an appetite from both local government and the private sector for new models of partnership which are more flexible and much more outcome-focused, and where both parties see each other as business partners'.

Commercialisation and planning

Moves to bring a more commercial approach to town and country planning are not new per se. In an overview of urban and regional planning in Australia, for example, Williams and Maginn⁹ suggested that 'greater commercialisation of state and local administrative (including planning) units has occurred while there has also been a distinct move to privatise planning decisions'; while Williams and Williams¹⁰ claimed that 'there has been a distinct move to privatise planning decisions'. Within the UK, a number of local authority planning departments have introduced the spirit of commercialisation, and a range of commercial initiatives can be identified.

Local authorities were formally allowed to increase planning fees by 20% early in 2018, and approval for this increase was conditional on local authorities agreeing to re-invest the additional money in improving planning services. Since 2003 local authorities have had the power to charge for pre-application planning advice, and many local authorities now set charges for this service. Such fees typically start from £150 and rise according to the size of the proposed development. Hertsmere Borough Council,¹¹ for example, has a standard set of initial charges which cover written advice and one

meeting. These charges range from £144 for minor planning proposals, up to £4,800 for large major residential and commercial developments, which might involve 100+ residential units or 10,000 square metres of additional commercial floorspace with a change of use.

Capita, the largest business process outsourcing and professional services company in the UK, claims to provide 'resilience support across the full range of planning services',¹² embracing planning policy and development management. In addressing planning policy, for example, Capita suggests that it can provide 'additional capacity in all aspects of the planning policy service',¹² including project management, Local Plans, Supplementary Planning Documents, Local Development Schemes, Annual Monitoring Reports and Statements of Community Involvement. The company's approach to development management is focused on 'the end to end management of planning and related applications in a positive way to foster the delivery of sustainable development' and is about 'looking for solutions rather than problems.'¹²

Capita reports providing '14,000 hours of planning resilience expertise to councils every month' and offers three delivery options – namely, remote, local and blended service delivery.¹² The first is the provision of resources from one of the company's planning shared service centres, while in the second option the company's staff work locally and under planning officers' direct supervision. The third is a mixture of the other two options, with limited time spent on site visits and meetings and all the processing of planning applications taking place in a service centre.

Capita's *Planning Resilience* website document¹² includes endorsements from Warrington Borough Council, Carlisle City Council and Wyre Council. According to a Principal Planner at Warrington Borough Council, for example, 'the sheer volume of planning applications dealt with has been very impressive and helped us immensely during a period when our planning section was under severe pressure.' In a similar vein, the Interim Head of Development Management at Wyre Council reported that 'one of the best elements of the service was how well the Capita planner integrated into the Council's team. He became a team member, was well respected and liked and he was able to provide key advice to more junior members of staff at the Council.'

A number of smaller specialist planning consultancies have also worked with local planning authorities. Hunter Page Planning, for example, based in Cheltenham (and acquired by Ridge and Partners in 2018), offers a wide range of consultancy activities, embracing the development control system and the development planning process.

More specifically, the company reports that its work for local authorities includes drafting Local Plan policies, sustainability appraisals, development briefs and Local Plan inquiry work.¹³

In advertising its work to local planning authorities, the Philippa Jarvis Planning Consultancy claims that its 'aim is to assist you in maintaining an efficient, quality service within the deadlines set at peak times'.¹⁴ The consultancy's services include a consultant acting as a case officer from pre-application through to recommendations, advising and supporting planning teams, bespoke training workshops for officers and councillors, and dealing with appeals.

A small number of local planning authorities have established 'planning hubs', which essentially aim to provide a more streamlined facility for planning information and services for customers and developers. Surrey County Council's planning hub (the Surrey Planning Hub), for example, provides a host of current planning information harvested from the 12 local authorities within the county, via a consistent API (application programming interface). Following the development of the hub, two Local Enterprise Partnerships are able to browse live planning information, 12 local authorities are able to host boundary-less planning information on their websites, and over 1 million Surrey residents are provided with access to planning application information covering the whole county.

Milton Keynes Council's planning section, too, maintains a planning hub, through which its Premium Planning Service offers information and assistance on Planning Performance Agreements, the councils' pre-application advice service, and the opportunity to select a planning officer to consider a specific planning application. The fees for the latter service depend on the scale of the proposed development and range from £150 to £7,500, exclusive of VAT.

Finally, some commentators have seen the government's proposals to allow 'competition in handling planning applications and increasing choice for applicants'¹⁵ in a few pilot areas as the first step to privatising the planning system. The move was described as 'privatising planning by the back door' by Ethical Partnership,¹⁶ a town and country planning consultancy, which has argued that 'politicians have found a backdoor way to privatise planning, under the guise of creating more efficiency and speeding up planning applications, guaranteed to get a headline and the support of developers'. Ethical Partnership also claimed that 'it may well be attractive for some developers to get a 'competing authority' to process their application, especially if the authority (or government sponsored provider) has a positive development led attitude'.

However, despite such concerns, the Housing and Planning Act 2016 does make provision for the Secretary of State to test 'the practicality and

desirability of competition in the processing (but not determining) of applications to do with planning'.¹⁷

Concluding reflections

A number of commercial initiatives are being introduced into local authority planning practices within the UK, but such initiatives are contested, and some issues merit concluding reflection.

Traditionally planning has been seen to be 'concerned with making public and political decisions in respect of the planning of our places more rationally and consistent with an overarching public interest'.¹⁸ More critically, within the Australian context Williams and Maginn⁹ have argued that the 'reform agenda has had adverse consequences for traditional local authority functions relating to planning and the regulation of development, for participatory democracy and the public interest and for the role and confidence of the planning profession'. More recently in the UK, Public Practice,¹⁹ a not-for-profit social enterprise that 'places outstanding built environment experts within forward-thinking public authorities' claimed that its 'mission is to improve the quality and equality of everyday places by building the public sector's capacity for proactive planning' and 'as a not-for-profit social enterprise, we offer authorities a cost-effective model to build the public sector's capacity over the longer-term'.

These perspectives stand in marked contrast to those who are currently keen to see more of the spirit and the substance of commercialisation introduced into planning policies and practices. Here commentators and developers look to highlight how commercialisation can create greater efficiencies within the planning system, speed up approvals and subsequent developments, and be more responsive to economic and social aspirations. Persimmon PLC,²⁰ one of the UK's major housebuilders, has reported that it 'will continue to work with all stakeholders to identify ways to improve the efficiency of the local planning system'.

More generally, it is important to recognise that the introduction of commercial initiatives is but one of many changes within the planning system since the passage of the 1947 Town and Country Planning Act. Some of these changes can be seen as an erosion of the founding purpose of the planning system, which, at that time, substantially increased the power of local authorities over planning and land use. For example, the betterment levy, included in the 1947 legislation in recognition of the fact that increases in land values resulting from planning decisions made by local authorities should accrue to the state and then be passed onto the community, and not to the landowners, was repealed in 1952.

More recently, the NSIPs (Nationally Significant Infrastructure Projects) regime, introduced in 2008, initially under the auspices of the Infrastructure

Planning Commission, and since 2012 managed by the Planning Inspectorate, bypasses normal planning requirements. In May 2018, the government unveiled proposals to include major shale gas development (fracking) projects over a certain size in the NSIPs regime. The consultation on the proposal ended in October 2018, but if government takes such powers it would mean that the Secretary of State would have the final say on fracking projects, thus bypassing local planning committees.

'The possibility of the increasing privatisation of the system has a competitive and entrepreneurial focus that epitomises neo-liberal theories of urban planning'

In addressing the question of 'delivering sustainable development', the 2012 National Planning Policy Framework (NPPF),²¹ emphasised the importance of 'building a strong, competitive economy.' The revised NPPF published in July 2018 stresses that 'planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development'.²² As such, the introduction of commercial initiatives might be seen to be part of the evolution of the planning system since the passage of the 1947 Town and Country Planning Act. On the one hand, the evolution of the planning system reflects major changes in the economic, social and environmental landscape over the past seven decades. On the other hand, it might also reflect the power of key stakeholders to lobby and influence national government thinking and policies.

This, in turn, raises issues of the role of the state and of neo-liberal planning reform. Neo-liberalism has been described by Sager²³ as 'a restructuring of the relationship between private capital owners and the state, which rationalises and promotes a growth-first approach to urban development'; while Wright¹⁸ has argued that 'it is unclear how ideology influences planning theory and in turn how planning theory affects planning practice'. Sager²³ claimed that 'it is important to have an overview of planning-related neo-liberal policies and map their effects on ... aspects of urban living that planners are professionally engaged with'. The introduction of commercial initiatives within the planning system, designed to improve efficiency and speed up the

development process, and the possibility of the increasing privatisation of the system have a competitive and entrepreneurial focus that epitomises neo-liberal theories of urban planning.

More practically, Wright¹⁸ has argued that such developments have implications for local authority planning officers, who will need to develop a new range of commercial and entrepreneurial knowledge bases and skills and to gain 'greater financial and economic acumen'. This, Wright¹⁸ argued, will be required to enable planners 'to manage the planning process to facilitate economic growth outcomes; in preference to social and environmental outcomes and in preference to a common public interest'.

Turning this coin on its head, Linovski²⁴ suggested that little was known about the 'private-sector [planning] consultants [who] though beholden to the same professional standards as public-sector employees, face competing pressures of an entrepreneurial fee-for-service business model'. Following a study of urban redevelopment in Toronto, Linovski²⁴ suggested that 'private-sector planning consultants had influence in prioritizing policy agendas by propagating the need for sped-up processes and allowing landowners to 'pay for priority'', and that this resulted in 'a high degree of influence for development interests'.

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Notes

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