



FEDERATION OF SMALL BUSINESSES



Small Businesses and the Planning System in Wales

*Report to the Federation of Small Businesses
School of City and Regional Planning
Cardiff University*





Federation of Small Businesses in Wales (FSB Wales)

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Small Businesses and the Planning System in Wales.

*Stage 1:
Small businesses' costs and
experiences of applying for
planning permission
and related consents.*

Report to the Federation of Small Businesses
October 2008

School of City and Regional Planning
Cardiff University

Foreword

The Federation of Small Businesses has commissioned the School of City and Regional Planning, Cardiff University, to conduct research into the relationship between SMEs and the planning system in Wales.

This first part of the research is to provide an evidence base, which supplements existing evidence on the experiences of small businesses in Wales, that the planning system itself appears to be hindering business growth in numerous ways, and on many different levels.

Planning regulations need to be flexible enough for planning decisions to be based on wider considerations, such as environmentally beneficial improvements or additional local services being provided.

The benefits to the local economy as a whole need to be incorporated into planning decisions so that diversification and growth, particularly in rural areas and in this current economic climate, are viewed as economic development.

The context for this project therefore is a concern that the planning system in Wales is not sufficiently sensitive to the needs of small businesses as key users of that system. We believe that now is an opportune time for a review of the system within Wales.

The outcome of the work will hopefully contribute towards creating a positive planning system, ensuring that Welsh business has the ability to grow, diversify and bring prosperity to all parts of Wales.



Janet Jones,
Chair,
FSB Wales.

Small Businesses and the Planning System in Wales

Introduction

This report to the Federation of Small Businesses is the first stage of research into the relationship between small business and the planning system in Wales. The context for the project is a concern of the Federation of Small Businesses that the planning system in Wales is not sufficiently sensitive to the needs of small businesses as key users of the planning system.

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The project

The project has the following aims:

1. To establish and quantify the costs to small businesses of complying with the requirements for securing planning permission;
2. To collect systematic evidence on the experience of small businesses in engaging with the planning system;
3. To review planning policies and procedures at national and local level and evaluate these in how they accommodate the distinctive needs of small businesses;
4. To assess the consequences of the planning system neglecting the contribution of small businesses to economic and community life.
5. To make recommendations on changes to the planning system in Wales to ensure that it is sensitive to the needs and aspirations of small businesses.

The project is designed in two stages. This report addresses the first stage of the project covering aims 1 and 2 and focuses on small businesses as applicants for planning permission and related consents.

The report provides information on the experiences of 50 small businesses in applying for planning permission and related consents during the period March-June 2008. A small sample of planning, enforcement or advertisement consent appeals has also been reviewed. A statement on the research conducted is provided as an annex to this report.

The planning agenda of the Federation of Small Businesses in Wales

The FSB Wales has been promoting a series of changes to the planning system so that it addresses the needs and concerns of small businesses. Key areas identified for change have focused on the following:

- the retail sector (including provision for small scale units in retail-led regeneration schemes);
- town centre management (including parking provision); and
- facilitating the take-up of micro-generation projects (through simpler and streamlined planning processes).

This agenda has been devised in consultation with the FSB's membership in Wales and has been expressed in a series of manifesto commitments and other documents.

Key aspects of the planning system for small businesses also feature in the FSB Wales Local Authority Election Manifesto 2008. These include a key recommendation on the provision of planning services to small businesses:

- 'Pre-application planning consultation to ensure application is the best it could be, and speeds up overall processing time. Constructive planning application feedback, looking to improve projects, so planning process has a positive effect'.

The FSB has called in particular for constructive advice to be given on planning applications that have been refused so that improved development proposals can be considered.

The character of small businesses

Small businesses are diverse in their size, staffing turnover and other characteristics. The Federation for Small Businesses conducts a biennial survey of its membership that highlights the variety of different characteristics of small businesses. Some of the key findings of the survey conducted in 2006¹ of relevance to small businesses and their interaction with the planning system are as follows:

- Almost a third of small businesses (31%) operate from home-based premises. Many businesses are home-based for reasons of cost and convenience. Many small businesses do not in any case require commercial premises. Home-based operation is not often a temporary measure and is not a reflection of a lack of alternative commercial premises. Many of these businesses will not therefore encounter the planning system, so long as business activities remain of a scale and character compatible with a residential property.
- Around a quarter of small businesses (23%) operate from a retail shop unit.
- A fifth of small businesses (20%) operate from a factory, workshop or business unit.
- Around 22% of small businesses operate in town centres, and a further 14% operate in village centres. Only a small proportion of small businesses (approximately 3%) are based in city-centres. Almost 20% of small businesses operate from a business park or industrial estate.
- Approximately 16% of small businesses in Wales in 2006 expected to move to new premises during the following two years.
- A very large majority of small businesses serve markets in their local area and are closely dependent on their local market for a significant proportion of their annual sales.
- The majority of small businesses (50%) intend to achieve moderate growth, while 9% intend to achieve rapid growth. A significant number – around a fifth of small businesses - intend to stay about the same size.
- For businesses intending to achieve moderate or rapid growth, this may involve strategies other than those of investing in new equipment or staff (e.g. increased marketing activity). Business growth would not therefore necessarily imply a need for new, improved or expanded business premises.

¹ Carter, S., Mason, C. and Tagg, S. 2006. Lifting the Barriers to Growth in UK Small Businesses. The FSB Biennial Membership Survey 2006. Wales.

The small businesses sector in Wales has a number of characteristics that distinguish it from the United Kingdom as a whole. Some of these characteristics will be of relevance to the design of the planning system and small businesses' experience of it.

- The Retail, Wholesale and Motor Trades sector and the Hotels and Restaurants sectors are slightly higher as a proportion of all businesses than in the United Kingdom as a whole.
- The tourism and leisure markets are also more significant for small businesses in Wales than the United Kingdom as a whole.
- Many small businesses in Wales are based on farms or in other rural properties compared with the UK average. Approximately 19% of respondents in Wales to the 2006 survey operated from a farm or other property in a rural area.
- Small businesses in Wales are more likely to depend on local area markets for a majority of their annual sales than for small businesses in the UK as a whole.

The range and type of developments applied for by small businesses

The range of different types of business included in the sample of small business applicants and the description of development applied for is provided in a table at Annex A.

The range of small businesses reflects the diversity of the sector. Key elements of the small business sector (retail and other town centre uses; food and drink establishments; hotel businesses; and in the Welsh context, farming or agricultural enterprises) are each well represented.

Some of the most common forms of development applied for by small businesses are:

- Change of use of existing premises in town centres;
- Minor physical improvement to retail premises (e.g. shopfronts) or food and drink premises (e.g. external seating areas and shelters);
- Improved signage for the advertisement of the business;
- Improved storage facilities;
- Additional storage buildings on farms, and proposals occasionally related to farm diversification.

Significant new-build developments only form a very small element of the selected cases.

The small businesses interviewed were also questioned on any planned investment in the business following receipt of planning permission:

- Approximately 60% of the small businesses interviewed stated that the securing of planning permission would result in a financial investment being made in the business or the development applied for.
- The average financial investment, where stated, was approximately £70,000. However, the level of financial investment planned varied significantly and a planned investment of £20,000 to £40,000 was more typical for the small businesses interviewed.
- In a small number of cases, the continuing viability of the small business was claimed to be dependent on securing planning permission, even though only limited financial investment was planned.
- Over 1 in 4 of the businesses interviewed expected to create opportunities for new jobs as a consequence of the development applied for. The number of jobs expected to be created varied between one and seven new positions, with a total of around 50 new jobs expected to be created from among the small businesses interviewed.

Costs incurred by small businesses in submitting planning applications

The range of costs incurred in applying for planning permission

The costs incurred by small businesses in applying for planning permission or other forms of consent will usually comprise:

- A planning application fee (or other fee for related consents);
- A fee for professional advice or services (if used) that may include legal fees, preparation of drawings and other supporting information, or the fees for employing a planning consultant or other agent.

In addition to these costs, a small business will experience a range of other indirect costs that cannot be readily quantified, including:

- Time spent by the owner or employees of the business in preparation for submission of the planning application, or at later stages of the planning application process;
- Costs that can be attributed in some part to any delays in the process of determining a planning application.

Planning application fees (and other fees)

Local planning authorities require payment of a fee for planning applications and other forms of application (e.g. application for consent to display advertisements). These fees are set by the Welsh Assembly Government and are periodically revised. Some fees are payable as a fixed sum, while others will be calculated based on the area or size of the proposed site or development.

The following information has been drawn from the cases selected in this project:

- Around a fifth of the respondents paid a fee to the local planning authority of less than £100.
 - A further fifth of respondents paid a fee of between £100 and £300.
 - Around a third of the applicants paid a fee of between £300 and £400.
 - Only in a very small number of cases did the planning application fee exceed £1000. In two of those cases, the subsequent planned investment exceeded £250,000.
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Fees and costs for professional services

- Approximately one quarter of the applicants interviewed reported that they had paid professional fees to agents or other professionals acting on their behalf (including for drawing up of plans etc) and were able to state or to estimate those costs.
- Professional fees varied from £80 to an estimated £10,000.
- Around a half of applicants reporting payment of professional fees or agent fees paid less than £1000, with this sometimes being inclusive of the planning application fee itself.
- Professional fees were highest where physical works were applied for (e.g. extensions, new build) or where the application related to change of use of existing premises for A3 uses (restaurants and takeaways).
- Applicants were concerned at the cost of professional fees and this weighed heavily with those interviewed. This was particularly the case for applicants where fees were not fixed and were open-ended.
- A concern for the costs and potential costs of professional fees was evident for the original application, but was especially a factor in considering whether to lodge an appeal against refusal of planning permission where this was applicable.
- The appeal process was considered to be a potentially expensive one in terms of both the costs of professional fees and the amount of time likely to be involved.

Other costs to small businesses of applying for planning permission

Small businesses may incur other costs in applying for planning permission in addition to planning application fees and fees for professional services. These 'costs' are primarily:

- Time spent by the owner or employees of the business in preparation for submission of the planning application, or at later stages of the planning application process;
- Costs that can be attributed in some part to any delays in the process of determining a planning application.

These costs are more difficult to quantify, although they may be more significant as 'costs' than either planning application fees or the costs of professional services.

Applicants' time spent in dealing with the planning application

The individual cases included collection of information on the time spent in preparing for and submitting the planning application, as well as any time spent in responding to requests from the local planning authority for additional information. Applicants were asked to estimate the time spent in dealing with the different stages of the planning application process, or otherwise asked to provide an estimate of the total time engaged in dealing with the application.

- Individual applicants reported variation in the time spent dealing with their planning application from just two hours to a total of 70 hours.
- The average number of hours stated by applicants who dedicated time to managing their planning application was approximately 14 hours.
- Approximately half of the applicants reporting spending time dealing with their planning application spent 7 hours or less in doing so.
- Some of the cases involving the greatest amount of time spent by applicants in dealing with their planning application related to farm diversification proposals and planning applications in rural areas.

Costs attributed to delays in the process of determining a planning application

- A limited number of small businesses questioned in the research (approximately 10% of interviewees) reported experiencing extended delay in dealing with their planning application.
- Extended delay experienced by small business applicants varied from a period of 3 months to a delay of over a year and a half.
- All except one of the applicants reporting extended delay in determining their planning application had applied to Snowdonia National Park Authority.
- A small number of applicants claimed that delay had resulted in additional costs being incurred, or that the applicant experienced loss of business while awaiting planning permission.

Small businesses' experience of the planning system in submitting planning applications²

Previous experience of submitting planning applications

- A significant proportion of the applicants (60%) had previous experience of submitting one or more planning applications.
- Applicants for development on farms often had previous experience of applying for planning permission (or another form of consent or approval under planning legislation).
- In addition, various applicants for minor development on town centre properties (e.g signage, replacement shopfronts etc) had prior experience of securing planning permission, including for previous change of use to its current business.
- However, there is still a sizeable minority of applicants – two fifths of the sample - for whom their application was their first encounter with the planning system as an applicant for planning permission.

The provision of pre-application advice

- Over two thirds (68%) of the applicants contacted their local planning authority for pre-application advice as part of preparing for submission of their planning application. This includes a significant proportion of those applicants who subsequently had planning permission refused.
- The proportion of first-time applicants seeking pre-application advice was very similar to that for those who had previously submitted a planning application.
- Most of the applicants seeking pre-application advice from their local planning authority did so by telephone.
- All small business applicants to two of the selected local planning authorities had consulted their local planning authority for pre-application advice. Reference was made by one applicant to pre-application advice being regarded as a standard requirement of the planning process.
- Most applicants reported finding it easy and straightforward to contact a planning officer for pre-application advice. Applicants in some cases, however, questioned the extent of the advice available to them or the clarity and quality of that advice.
- Pre-application advice from a planning officer is an important aspect of preparing a planning application. Few small business applicants consulted any written policies, guidance or plans published by the local planning authority of the Welsh Assembly Government. Only in a very limited number of cases did applicants visit their local planning authority's website for further information prior to submitting a planning application.

² The term 'planning applications' is used here to refer to both applications for planning permission and other forms of application (e.g. application for consent to display advertisements).

- Applicants in some cases seek guidance from other officers of the local authority, as well as from other organisations (e.g. Forestry Commission). Applicants reported in a small number of cases being given apparently conflicting advice from different officers or departments of the local authority.

In addition, the following illustrative examples are drawn from the applicants interviewed:

- Pre-application advice was provided in one case, including a pre-application meeting on-site with a planning officer, which was felt by the applicant to be of particular value. In a similar case, an applicant found it reassuring that the local planning authority indicated it would be supportive of the proposed development.
- Pre-application advice was requested by an applicant and provided by the local planning authority, and included an opportunity to meet with a planning officer. The applicant considered that guidance was given prior to the making of the application that was inconsistent with and contradicted the local planning authority's position during determination of the planning application. The applicant felt that supportive comments had been made on the proposals during pre-application advice, although the application was subsequently refused.
- In a further case, an applicant reported being provided with supportive comments by a senior planning officer, and that a less-experienced officer had subsequently been appointed as the case officer and had raised different issues.
- An applicant requested guidance for submitting a planning application and guidelines on suitable forms of development, yet was advised that none were available that were applicable to the form of development being applied for (a storage facility ancillary to a guest house).
- An applicant was provided with advice during an on-site meeting by the local authority's agricultural officer on the fee applicable for a planning application for the proposed development. This was incorrect and the fee payable was almost double that advised previously. Following internal discussion, the local planning authority accepted a reduced fee payment due to the inconsistency of the advice provided.
- An applicant in respect of a retrospective planning permission reported being given advice on-site by an enforcement officer that the terms of a previous planning permission were being complied with. However, a retrospective planning application was requested by the local planning authority for some structures that had not been mentioned during the site visit. In the same case, the applicant reported being advised that submission of the retrospective planning application was 'a formality' and that planning permission would likely be given. In the event, the application was refused by the local planning authority.
- Some applicants found advice given by planning officers to be very basic or unclear, with some being advised by local authority officers that certain forms of development were 'grey areas'.
- Some applicants for retrospective planning permission had been incorrectly advised by builders, sign manufacturers or architects that planning permission was not required for the development.

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The use of an agent for submission of the application

- Approximately half of the applicants (52%) used an agent to submit the planning application on their behalf.
- In many cases the agent was the architect who had supplied drawings, or the installation company was often used as the agent for applications to display advertisements or signs. This was often considered to be a simpler and more efficient arrangement.
- However, in other cases applicants used an agent for reasons of the perceived complexity of the process of making and progressing a planning application, rather than for required technical expertise (e.g. preparation of technical drawings).
- One applicant referred to the idea of submitting a planning application independently without an agent as 'horrifying' and too daunting to consider.

Registration of the planning application

- Around 1 in 5 planning applications submitted were not registered on receipt due to one or more components of the planning application not being complete.
- In around half of these cases the necessary information, forms or fee payment was rectified swiftly and without any significant delay to the processing of the planning application.
- In the remainder of these cases, addressing the requirements of the local planning authority and correctly interpreting them resulted in between 3 weeks and 3 months delay to the processing of the planning application.
- Pre-application advice had been sought from the local planning authority in most of these cases of extended delay in registering a planning application.
- In a small number of cases, applicants had been asked to provide further or revised information that, following discussion, proved not to be necessary. The local planning authority either accepted that the information was not required or made an exception to its request for additional information. In one case, the applicant reported having already submitted with the application some of the information later requested by the local planning authority.

Information, materials or changes that were requested by the local planning authority before registering a planning application included:

- Photographs;
 - Additional or more detailed drawings, or preparation of drawings to a revised scale;
 - Maps, including of improved quality, or on an Ordnance Survey base;
 - Revised wording of the description of the proposed development;
 - Additional copies of the planning application;
 - Improvement to the standard of an access statement (in a case where guidance on including such a statement and how it should be presented were not issued to the applicant);
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The request to make amendments to a proposed development

- The local planning authority requested amendments to be made to a submitted planning application in around 20% of cases.
- Only in one case did the applicant find the suggested amendments to the proposed development to be helpful – in this case, the applicant reduced the fee payable through a minor reduction in the total floorspace of the proposed development.
- In all other cases, applicants did not find the local planning authority's suggestion to make amendments to the scheme to be helpful.
- In certain cases the proposed amendments to the scheme were found to be quite the opposite, resulting in what the applicant regarded as a poorer scheme and increased inconvenience.
- In several cases, applicants were requested to amend their scheme at the request of planning officers in order to improve the quality of the design or to ensure the use of preferred materials. However, applicants maintained that their scheme was very similar to other developments that existed or had previously been permitted in the area. In such cases, applicants found it very difficult to understand the reasons, if given, for the requested amendments.
- One applicant reported frustration in dealing with the differing requirements of the local authority's building control and planning departments. The building control officers had insisted on a certain feature as part of the proposal in order to comply with building regulations, yet the planning department had requested removal of the feature concerned. A request for an agreed position from the local authority was not responded to prior to a refusal of planning permission.
- In cases where amendments were requested, and where pre-application advice had been sought, applicants stated that improved guidance on the local planning authority's preferences or requirements would have been helpful.
- In one case an applicant felt that a suggested amendment for a retrospective planning application was 'ludicrous'. The applicant resisted the proposed changes, following which the planning officer reportedly 'backed down' in their request for changes, suggesting other, less onerous changes be made instead.

The opportunity to meet with planning officers on site

- Applicants had the opportunity to meet on-site with a planning officer to discuss their proposals in 10% of the cases reviewed.
- For those who did not have such an opportunity, around one third of applicants expressed the view that such an opportunity would have been helpful as a way of explaining the small business's objectives and intentions.
- However, many felt that such an opportunity was not necessary as part of the process of determining their planning application.

Planning application decisions

- The very clear majority of planning applications made by small businesses were approved.
- The approval rate for the planning applications selected in this project is 79%.
- This compares to an overall approval rate for Wales of 84% of all planning applications determined (2006-7 data, and inclusive of householder applications).
- The applicant had sought pre-application advice from the local planning authority in around three quarters of those planning applications that resulted in a refusal of planning permission.
- In only a small number of cases had an applicant not consulted the local planning authority for pre-application advice and subsequently had planning permission refused.
- Planning applications made by small businesses were determined both by the planning committee of the local planning authority and by officers acting under delegated powers. This reflects the varied nature and scale of the proposed developments.
- Experience of exercising speaking rights at planning committee was very limited. Where speaking rights were available and exercised, this was felt to be a limited opportunity and, overall, a disappointing experience.
- Few applicants had experience of reading officer's reports on their planning application or of attending a planning committee where the decision was made. However, in cases where the applicant did do so, most felt that the economic benefits of the proposal were not sufficiently emphasised as part of the decision.
- Limited cases of delay were reported in the local planning authority issuing decision notices following a decision. In one case, this was reported as a 5 week delay and was attributed by the local planning authority to a shortage of administrative staff.

The attachment of conditions to a planning permission

- The attachment of conditions to a planning permission by the local planning authority did not result in any delay to the start of a development for the cases reviewed, with only limited exception (see below).
- Delay is more usually caused by negotiations over amendments to a planning application or attributed by the applicant to a failure in the planning service.

Difficulties caused by the attachment of conditions included:

- Lack of consultation on the effect of the condition on the value of the permission to the small business. In one case, the attachment of a condition (a restrictive condition that limited accommodation to seasonal occupancy) was felt to undermine the purpose of applying for planning permission. The applicant immediately had to consider making an appeal or applying to vary the condition to make the development worthwhile.

Negotiation to avoid a refusal of planning permission

- Some applicants that had their planning application refused reported that they had not been approached by the local planning authority to consider making amendments to their scheme before being issued with a refusal of planning permission. In some of these cases, applicants felt that amendments could have potentially been made to address the concerns of the local planning authority.
- In cases of refusal of planning permission, applicants reported varied next steps, including the intention of submitting a planning appeal and submitting a further application with amendments to the proposed scheme.

Access to grants for development proposals

- Access to grants tended to be an activity pursued following the grant of planning permission, rather than something that is pre-arranged and contingent on planning permission being approved.

Planning appeal decisions

A small sample of planning appeal decision letters has been reviewed for the purposes of this project (see annex). This review reveals the following series of points related to small business proposals or developments:

- Careful consideration was given in the case of an agricultural business proposal to the financial viability of the business and its future pattern of investment and income. The Inspector's decision letter emphasised the importance of small farm businesses being able to produce documentation and evidence of inputs to and the finances of the business concerned (including the hours worked by individuals in running the business). A failure on the part of the business to provide such evidence was a key weakness in the appellant's case. In the same case, consideration was also given by the Inspector to the security needs of the agricultural enterprise in protecting its investment.
- A case in which the appeal concerned a small, new retail proposal showed careful evaluation of the interests of both the appellant's business and the vitality and viability of the existing businesses forming part of the town centre. This was expressed in terms of the planning system not normally being concerned with impact on individual businesses, although impacts collectively on a town centre as a whole were a relevant consideration.
- In a dismissed appeal to retain an unauthorised change of use from a retail premises to an estate agent's office, an Inspector enabled an extension to the period for compliance to enable the business a greater amount of time to secure alternative premises. However, this was less than the period requested by the business. The Inspector did not accept the argument that the business required a further extended period for the business to grow in order to be able to finance a further move to new premises.

- An Inspector referred in the case of an extension to a nursing home to the need for the business to extend and improve its premises to accord with revised minimum standards for the provision of elderly care facilities. However, this was also balanced against a range of other considerations, including neighbour amenity and privacy.
- An appeal against refusal of a retrospective application for planning permission for a security roller shutter was dismissed based on conflict with planning policies and supplementary planning guidance. The design was considered to be inappropriate, with the Inspector noting that alternative designs would be more suitable and could still offer a suitable level of security for the business premises. The Inspector's decision letter refers to the applicant's claim of being advised by a planning officer to install a roller shutter of the type installed. This was not commented on by the local planning authority. The Inspector simply referred to the possibility that the advice may have been misinterpreted, and that informal advice from a planning officer is usually given on a 'without prejudice' basis.
- An appeal for retention of an advertisement display for a first-floor business in a commercial area was refused on the grounds of harm to visual amenity. The appellant had raised the need to ensure that customers were attracted to the business in order that it could survive, particularly due to the business's location on the first floor of a building. The Inspector stated that they could understand and appreciate this need, yet that the Regulations for the control of advertisements did not account for commercial need and only related to considerations of amenity and public safety.
- In the case of allowing an appeal against refusal of planning permission for change of use of premises from retail use to a café and restaurant, an Inspector did not accept the need for proposed conditions controlling the loading and unloading of vehicles or restriction of takeaway use. Conditions had been proposed by the local planning authority in the event of the appeal being allowed. The Inspector considered that these were not necessary in view of the existing mixed use and commercial context for the premises.

Small businesses' perceptions of the planning service

- The experience of the planning process was entirely routine for a number of the small businesses that applied for planning permission. The process was considered to be a fairly straightforward one with no difficulties or delays being experienced. In one such case, the applicant referred to significant improvement in recent years in the service provided by their local planning authority. Others referred to receiving a 'good' level of service from their local planning authority and that the experience of applying for planning permission was 'fine'. Some had found planning officers to be supportive and co-operative.
- Small business applicants that found the process difficult described their experience of the planning process variably as 'dismal', 'a shambles', 'poor', 'frustrating', 'overly bureaucratic', 'traumatic', 'appalling', and 'disappointing'.
- Applicants' principal concerns were for what they considered to be unaccountable delay and an unnecessarily long and drawn out process. Several respondents stated that the process of applying for planning permission was especially time-consuming and difficult to manage alongside running a small business. Some expressed surprise that planning officers appeared to spend so much time on what applicants considered to be trivial matters.
- Reports of serious inefficiency or perceived failure in the delivery of planning services were rare. In the isolated cases concerned, this usually related to extended staff absence in the Council's planning department and the case not being picked up and dealt with in their absence. Other isolated cases referred to perceived inexperience in the case officer dealing with the planning application.
- A significant proportion of the applicants interviewed considered the process of determining a planning application to be arcane and unpredictable. Many considered it to be a bureaucratic process with a set of procedures, rules and regulations that are not clear in their intent or their purpose. In certain cases, it is clear that applicants were being asked to amend a scheme or provide further information without the reasons for doing so being explained in clear enough terms. For some applicants, even following the successful approval of planning permission, there is little understanding of the basis for making planning decisions.
- Several applicants reported that planning officers were unable to provide or refer to published, written information to support their statements. In certain cases, applicants felt decisions to be based largely on the personal perspective of the planning officer dealing with the case.

- A small number of applicants felt that different applicants (as well as different agents, architects or builders) are treated differently and that similar applications are not dealt with in a consistent manner. This led to perceptions that the planning system is not fair or consistent. Similarly, a small number of applicants felt that planners could not easily be negotiated with, and that securing planning permission could only be achieved by reluctant compliance with the demands of planners.

Some interviewees suggested, or otherwise implied, that local planning authorities are not sensitive to the day-to-day realities faced by small businesses. This resulted in some cases in:

- The local planning authority making demands for additional details of a scheme to be supplied that the applicant considered to be unrealistic or unreasonable (e.g. detailed elevations of minor forms of development);
- Reported indifference to delays experienced by the applicant (e.g. applicants having to contact their local planning authority to find out what progress had been made on their application);
- Conditions being attached to a planning permission which negated or reduced the value of the planning permission applied for.

Applicants' suggestions for changes to the planning process

Applicants were requested to reflect on their experience of trying to secure planning permission and suggest changes to the planning process that would have assisted them in making their application. The following suggestions were made:

- Councils to provide clearer and more confident guidance on when planning permission is required and when it is not required;
- Clearer guidelines for a range of minor developments identifying what is and is not acceptable (e.g. addressing matters of scale, location, design);
- Clearer guidance on the requirements of a complete and valid planning application, including in particular information on the standard of maps and quality of drawings required. Key terms (scale drawings, Ordnance Survey maps) may require basic explanation for a lay audience.
- Improved assistance from the local planning authority in correctly completing the relevant forms as part of the planning application;
- Ensuring continuity between the officer providing pre-application advice and the appointment of a case officer following submission of the planning application;
- Ensuring that the different departments of the local planning authority provide consistent advice and that a 'joined-up' service is provided to applicants encountering different regulatory processes (e.g. building control and planning).
- A requirement for planning officers to visit the applicant in person and on-site;
- Ensuring planning officers are suitably experienced in dealing with the type of planning application submitted;
- Planning officers to be provided with training so that they better understand the realities faced in setting up and running a small business, and appreciate the extent of the risks involved;
- Speedier consideration of applications for what are regarded as minor forms of development;
- Officers to be more open in their discussion with applicants;
- Closer consultation with the applicant prior to reaching a decision on the potential effect of imposing conditions on the value of the planning permission;
- Increased use of committee site visits to outline the benefits of schemes;
- Improving awareness of the ability to attend planning committee meetings and view officers' reports in advance;
- Extended opportunity to speak at planning committee, as well as the 'right to reply' to points raised by those speaking after the applicant;
- Provision of improved information by the local planning authority on grants available for works following grant of planning permission.

Key findings and recommendations

This final section of the report highlights the key findings of the project and makes a series of recommendations for ensuring that the planning system in Wales is sensitive and responsive to the needs of small businesses.

The **key findings** of the project are:

- Many small businesses have previous experience of the planning system.
- Most applications for small businesses fall into a specific range of types of development, including change of use, shopfront replacement, advertising and other minor physical development.
- The rate of approval of planning permission for developments applied for by small businesses is not significantly different to the overall rate of approval for all planning applications.
- Application fees paid by small businesses for most planning applications and related consents are not particularly high. Fees for professional services can be significant.
- Most small business applicants do not spend more than a day dealing with their planning application, although the amount of time dealing with a planning application can be extensive in more complex cases.
- Most small businesses do not experience any significant delay as part of the planning process, but do generally find the process a slow one. However, where delay does occur, it can be extensive.
- Many small businesses consider the planning process too bureaucratic and difficult to comprehend.
- Pre-application advice is frequently provided as part of the process of small businesses submitting a planning application. However, this does not prevent many applications being incomplete when submitted or amendments being requested to registered applications. Many of the issues that pre-application advice can potentially assist with are not resolved by the giving of pre-application advice by local planning authorities.
- A significant number of applicants are requested to amend their proposed development following submission of the planning application. Applicants frequently find the local planning authorities' request to make amendments to be unhelpful.
- Many of the suggestions for changes to the planning process made by small businesses are focused on relatively simple improvements in the clarity of information and advice and closer liaison with applicants.

The following are the recommendations based on stage 1 of the project:

1. The Welsh Assembly Government, local planning authorities and other partners (for example, Planning Aid Wales) to prepare a **series of publications for small businesses** on the types of development most commonly applied for. These should include change of use (including, specifically, to A3 uses), signage and advertising, and minor physical alterations to town centre premises (such as shopfront design). This could be complemented by a **basic guide to 'general planning considerations'**. Information should be in a simple, leaflet format that can be distributed in hard copy to small business applicants at an early stage. Website publication should also be used to publicise information, although this should not replace hard copy circulation.
2. Production of a simple **guide to 'when permission is needed' that is directed at trade organisations** in certain sectors (for example, sign manufacturers and installers).
3. Local planning authorities to be encouraged to **review procedures for recording pre-application advice** given by officers and to explore more effective ways of communicating that advice to potential applicants. This may require a degree of formalisation of the processes of providing and recording pre-application advice.
4. Local planning authorities consider introducing mechanisms for being proactive in **identifying whether persons seeking pre-application advice are small businesses**, so that suitable guidance can be issued and advice given at an early stage.
5. Local planning authorities to aim to ensure **continuity between the officer providing pre-application advice to a small business and the allocation of the case officer** once a planning application is submitted. This may be extended to the establishment of a **dedicated small businesses team** comprising a small number of planning officers that are trained and briefed in the service needs of small businesses.
6. Local planning authorities compile **'sample' planning applications** made by small businesses for use by other businesses in completing planning application forms and supporting documents. These could be included as pre-application guidance issued to small businesses.
7. Local planning authorities to provide **training or briefing sessions in basic planning issues for council officers engaged in other local authority services** that may encounter potential small business applicants (e.g. regeneration officers, agricultural officers, town centre managers, small business grant officers etc). This would enable such officers to know when to refer small businesses for specialist advice and avoid incorrect and/or inconsistent advice being issued.
8. Continuing improvements to be made to the **effective liaison between building control and development control functions** within local authorities.
9. Local planning authorities to provide small business applicants with the opportunity of the planning application **site visit being conducted with the applicant present**.

10. Emphasise guidance to planning officers working in local planning authorities to ensure that small businesses are **not requested to submit more information with their planning application than is strictly necessary**.
11. Local planning authorities to be encouraged to provide **clearer guidance to applicants on the reasons for requesting amendments** to submitted planning applications. This should include explaining any reasons for changes that may have been introduced in the quality or standard of development required in an area. Local planning authorities should be clear on whether an attempt is being made to improve the quality of the proposal, or whether a refusal of planning permission is likely without changes to the application as submitted.
12. Promotion of early discussion between the local planning authority and applicants of any **conditions that might be attached to a planning permission** if successfully applied for, including at pre-application stage where possible.
13. Further promotion by local planning authorities of **public speaking rights at planning committee**.
14. Local planning authorities to be proactive in offering opportunities for **constructive discussion on re-submission to small business applicants** that have had planning permission refused.

Annex A. Types of businesses and development applied for

Type of business	Development(s) applied for
Retail premises/shop	<ul style="list-style-type: none"> • Retrospective application for rear and side extension to provide increased retail floorspace. • Installation of new shopfront. • Internally illuminated signage.
Café/coffee shop/snack bar	<ul style="list-style-type: none"> • Change of use of premises to A3 (coffee shop) use and associated physical works. • Change of use to a snack bar including seating area. • Wooden pergolas and landscaping works for outdoor seating area. • Replacement of exterior awning on front of shop. • Provision of containers for exterior café/diner seating area.
Hot food takeaway	<ul style="list-style-type: none"> • Change of use of premises to a fast food takeaway. • Installation of a new/replacement shopfront. • Display of internally-illuminated sign and projecting sign.
Office premises/financial services	<ul style="list-style-type: none"> • Change of use from residential property to offices. • Retrospective application for externally illuminated projecting sign.
Personal, medical and veterinary services	<ul style="list-style-type: none"> • Change of use of existing premises to a physiotherapy clinic. • Change of use of premises to a medical practice clinic • Retrospective application for change of use of part of building from storage to veterinary surgery. • New fascia and wall-mounted signs. • Change of use from retail unit to beauty salon. • Refurbishment of exterior of hotel premises.
Childcare and play facilities	<ul style="list-style-type: none"> • Change of use of existing premises to a children's day care nursery. • Change of use of existing premises to children's indoor soft play facility.
Property development	<ul style="list-style-type: none"> • New-build development of two retail units and residential apartments. • Internally illuminated signage.
Garage and car sales	<ul style="list-style-type: none"> • Advertisement hoarding.
Hotels and guest houses	<ul style="list-style-type: none"> • Construction of storage shed for residents' mountain bikes. • Erection of flagpoles and display of advertisement flags. • Change of use from flat accommodation to letting rooms.
Residential care home	<ul style="list-style-type: none"> • Extension to provide additional accommodation.
Caravan parks and other outdoor accommodation facilities	<ul style="list-style-type: none"> • Erection of timber decks to enable construction of shelters/structures, plus associated storage facilities. • Variation of condition restricting limited occupancy season.
Farms and agriculture-related businesses	<ul style="list-style-type: none"> • Construction of ménage facility associated with existing livery business. • Change of use of part of ground-floor of sawmill premises for biomass generator. • Construction of car park and visitor centre for cycle track facilities. • Free-standing extension to cattle buildings. • Erection of hay barn. • Erection of two steel agricultural buildings. Retrospective application for retention of gates and pillars. • Erection of agricultural implements shed and hay barn. • Siting of caravans for residential use (Certificate of Lawfulness). • Erection of covering to enclose existing yard. • Retrospective application to retain agricultural access.
Kennels and dog-breeding facility	<ul style="list-style-type: none"> • New kennel block, food storage and associated buildings.
Recreation and outdoor events	<ul style="list-style-type: none"> • Change of use of section of showground for seasonal recreational use. • Conversion of residence to dormitory style accommodation for visitors.
Manufacturing businesses	<ul style="list-style-type: none"> • Construction of site perimeter security fencing.

Annex B. Statement of data collected for the project

Project team

The project was commissioned by the Federation of Small Businesses and managed by:

- Non Rhys, Policy Manager
– Wales, Federation of Small Businesses; and
- Nia Davies, Policy Officer
– Wales, Federation of Small Businesses.

The research was completed by a team for the School of City and Regional Planning at Cardiff University:

- Huw Thomas, Reader
School of City and Regional Planning, Cardiff University.
- Neil Harris, Lecturer
School of City and Regional Planning, Cardiff University.
- Amanda Scarfi, Independent Researcher.

The initial stage of the research was carried out during August and September 2008.

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Data collection

Activity 1 – review of existing literature and research resources

A brief review was conducted of existing research and statistical publications on small businesses' engagement with the planning system. This included selected existing materials by the Federation of Small Businesses, and enabled key issues to be identified for research.

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Activity 2 – data collection and analysis

This element of the project focused on the collection of original data on small business costs in submitting planning applications, as well as data on the experience of small businesses as users of their local planning service. It included:

- The identification of applications made by small businesses from the weekly lists of planning applications, ensuring that these covered various small business sectors (tourism, agriculture, retail). Applications submitted during the period April-June 2008 were selected to provide a range of applications as cases and ensure that the small businesses' experience of the planning system is recent. It was necessary to extend this period to include March 2008 for some local planning authorities to identify a sufficient number of suitable cases. All except a couple of applications included in the sample had been determined by the local planning authority.

- Review of documentation submitted as part of the planning application.
- For applications that had been determined from among those selected, a review of planning committee reports where these are publicly available, to determine the outcome and issues that were raised in officers' reports, and the content of decision notices.
- Telephone interview with applicant/agent to administer a semi-structured questionnaire and checklist covering costs and experiences of the planning service.

To ensure efficiency and cost-effectiveness, the above work was primarily desk-based, using local planning authorities' e-planning services for documentation. Interviews with small businesses and the checklist were administered by telephone.

A total of 50 cases were proposed within the resources available for the project and these were drawn from five local planning authorities. Local planning authorities were selected based on the provision of e-planning services and online documentation, and to ensure a wide range of cases drawn from different contexts.

The five local planning authorities selected were:

- Bridgend County Borough Council
- Cardiff County Council
- Monmouthshire County Borough Council
- Newport City Council
- Snowdonia National Park Authority

A total of 50 cases were completed for the project. Ten cases were completed for each of three of the local planning authorities, and it was necessary to substitute one case for one local planning authority with a further case from another.

Despite applications by small businesses forming a relatively small proportion of all planning applications, coupled with small business owners being busily engaged in running their business, it was possible to successfully complete all interviews for the project. Some interviewees were not prepared to respond to questions of a financial nature during the telephone interview (e.g. turnover, costs and investment).

The small sample of appeal decision letters was drawn from the Planning Casework Service provided by The Planning Inspectorate. A search for the five local planning authorities identified above produced a total of 302 recently determined or ongoing appeal cases, of which 51 were identified as appeals made by small businesses. Approximately 20% of these were enforcement notice appeals and another 20% were advertisement consent appeals. A sample of 10 planning, enforcement or advertisement consent appeals was selected where a decision letter had been issued. The content of the Inspectors' decision letters was reviewed for statements of relevance to small business considerations (e.g. impact on businesses, financial viability etc).