

<b>Title:</b> Reducing planning regulations to support housing, high streets and growth <b>IA No:</b> RPC14-FT-CLG-2147(2) Revised <b>Lead department or agency:</b> Department for Communities and Local Government <b>Other departments or agencies:</b>	<b>Impact Assessment (IA)</b>			
	<b>Date:</b> 20/03/2015			
	<b>Stage:</b> Final			
	<b>Source of intervention:</b> Domestic			
	<b>Type of measure:</b> Secondary legislation			
	<b>Contact for enquiries:</b> Bethan MacDonald bethan.macdonald@communities.gsi.gov.uk 030344 42802			

<b>Summary: Intervention and Options</b>	<b>RPC Opinion:</b> Awaiting scrutiny
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Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Measure qualifies as One-Out?
£107.6m	-£1.0m	£0.1m	Yes   IN

**What is the problem under consideration? Why is government intervention necessary?**

Reducing the administrative burden of the planning system on applicants, in support of growth, remains an imperative for the Government, which believes that there are more types of development that should take place without the need for a full planning application. At national level, removing the requirement for a full planning application can only be done through secondary legislation. The Government's actions also address the general concern about the proliferation and clustering of betting and payday loan shops. To give communities the opportunity to comment on this type of development in their area, regulatory changes will be made so that a planning application is required for change of use to a betting or payday loan shop.

**What are the policy objectives and the intended effects?**

The objective is to allow more types of development to take place without a full planning application, so that development can take place more quickly and with more certainty, with the exception of the new requirement for a planning application for all changes of use to betting or pay day loan shops. The intended effect is to reduce the burden of the planning system on individuals and businesses, which in turn supports increases in housing supply, makes better use of existing buildings, increases flexibility on the high street, enables businesses to respond quicker to changing market demands, promotes growth and gives communities the opportunity to comment on planning applications for new betting and pay day loan shops.

**What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)**

Option 1: (preferred option) Extend existing permitted development rights for a wider range of uses, increase some other existing permitted development rights and grant some new permitted development rights to meet Government objectives. Increased permitted development rights allow more development to take place without the need for a full planning application. Introducing a requirement for a planning application for change of use to betting shops and payday loan shops gives communities the opportunity to comment on applications for these types of development and allows local determination.

Do Nothing: Retain current permitted development rights.

**Will the policy be reviewed?** It will be reviewed. **If applicable, set review date:** 04/2020

Does implementation go beyond minimum EU requirements?				N/A		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	<b>Micro</b> Yes	<b>&lt; 20</b> Yes	<b>Small</b> Yes	<b>Medium</b> Yes	<b>Large</b> Yes	
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)			<b>Traded:</b>	<b>Non-traded:</b>		

**I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs.**

**Signed by the responsible  
SELECT SIGNATORY:**

**Dat**  
**e:** 23 March 2015

Brandon Lewis

# Summary: Analysis & Evidence

# Policy Option 1

## Description:

### FULL ECONOMIC ASSESSMENT

Price Base Year 2014	PV Base Year 2014	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: 108.4	High: 105.5	Best Estimate: 107.6

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low		0.0	0.1
High		0.6	5.2
Best Estimate		0.2	1.3

#### Description and scale of key monetised costs by 'main affected groups'

Betting and payday loan shops that face a new requirement for a planning application in more cases will accrue estimated costs of around £150,000 per annum. The range is predominantly influenced by the proportion of existing changes of use that were previously permitted but now require an application. Other measures are net beneficial for applicants but gross costs are included for new prior approval fees and administration costs relating to the new process.

#### Other key non-monetised costs by 'main affected groups'

Loss of amenity for neighbours from additional development. Costs to business as a result of increased rents due to a reduction in some commercial space (transfer from business occupants to business premises owners). Relocation of jobs / businesses due to conversion of some commercial space to residential use.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low		12.9	108.5
High		13.1	110.6
Best Estimate		13.0	108.8

#### Description and scale of key monetised benefits by 'main affected groups'

Benefits to applicants of no longer submitting full planning applications for change of use from some commercial to residential uses and for larger householder extensions (£12.9m to £13.1m per annum). This range is predominantly driven by variation in costs and complexity associated with submitting existing application.

#### Other key non-monetised benefits by 'main affected groups'

Benefit to applicant of no longer submitting planning applications for change of use from retail and some other uses to restaurants, cafes and leisure use, extended location filming, larger capacity solar panels on non-domestic buildings, and some minor modifications of retail premises, waste management facilities and sewage facilities. This impact is expected to be small - see page 20.  
Decrease in administrative burden on local planning authorities from reduced scope of the planning process.

Key assumptions/sensitivities/risks	Discount rate (%)	3.5%
The cost of an application for change of use is assumed to be £1,250 (£290 to £3,370)		
The estimated numbers of cases are taken from Land Use Change Statistics and Planning Application Statistics.		
The proportion of existing changes of use for betting shops and pay day loan shops that now require a planning application range between 25% and 75%.		

### BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: 0.1	Benefits: <0.1m	Net: -0.1	Yes	IN

# Evidence Base

## Problem under consideration

The Government believes we need an economy that is competitive for business, contains vibrant high streets and which is building new housing to meet our needs.

The Government recognises the need for a proportionate and fair planning system, to facilitate development, boost growth and reflect the changing nature of our economy and society. As part of the Government's on-going programme of reform it is making the planning system faster, simpler and more proportionate. The Government is committed to making it easier for applicants to navigate the planning system, which is why it is promoting a three tier planning system, which takes into account the size and complexity of proposed developments, and allows proportionate consideration of them, with either a full planning application, permitted development rights with the prior approval of the local planning authority or permitted development rights that do not require prior approval.

The Government is committed to supporting increased housing supply. Improvements have already been made to the planning system to remove unnecessary delays to new housing development. Housing supply can be boosted further by broadening the range of premises that can change use to housing under extended permitted development rights and allowing larger domestic extensions.

High streets are undergoing significant change. The Government believes in the need to support vital and viable high streets that reflect a range of retail, leisure and residential use, and which can respond quickly to market changes. Individual retailers need additional support in making the best use of their existing premises in response to changing consumer demands, by allowing them to build larger extensions and adapt to the rising demand for click and collect.

The Government wants to further support business and broader economic growth by granting additional permitted development rights for commercial filming, solar panels on non-domestic properties, waste management and sewerage undertakers' facilities.

Permitted development rights are deregulatory and are set out in Schedule 2 of the Town and Country Planning (General Permitted Development) Order 1995. The original 1995 Order has been amended 22 times. In October 2013, Government confirmed as part of the outcome of the Red Tape Challenge for Planning, that it will consolidate the 1995 Order and amending Statutory Instruments into a new single Order. This will make it easier for business, local planning authorities and the public to locate quickly the relevant permitted right. We have produced a separate validation impact assessment (reference RPC14-FT-CLG-2292) for the consolidation of the 1995 Order, which the Regulatory Policy Committee validated on 17 December 2014.

An earlier version of this validation impact assessment which considered the impact of the new policy proposals as consulted was submitted to the Regulatory Policy Committee on 16 December 2014. Validation was received on 7 January 2015 (Reducing planning regulations to support housing, high streets and growth, RPC14-FT-CLG-2147(2)). The policy position has been fine-tuned post consultation. This validation impact assessment has been compiled to assess the impact of the direct costs and benefits to businesses of the policy as implemented.

## **Context**

The planning system provides an objective mechanism through which the impact of a proposed new development on third parties, including neighbours, other businesses, the environment, and land use can be considered, in line with local and national policies. Applying for planning permission places an administrative burden on business, estimated at around £1.1 billion in 2006.

The Town and Country Planning (Use Classes) Order 1987 (as amended) groups common uses of land and buildings into classes; the uses within each class are, for planning purposes, considered to be broadly similar to one another. Movement within a use class is not considered to be development and a planning application is not required.

The planning system aims to achieve proportionality by exercising different degrees of control over types of development. A full application for planning permission is usually appropriate for large scale, complex developments, or those with greatest impact on neighbours, the wider community or the environment. The requirement for local authority scrutiny of small scale proposals with little impact on neighbours, the community or environment is removed by the grant of national permitted development rights.

Permitted development rights are a deregulatory tool, reducing bureaucracy and cost. They use a general impact based approach to grant automatic planning permission for development that complies with limitations and conditions, including any prior approval. These limitations and conditions specify any criteria which must be met in order for the permitted development right to apply. Prior approval is a light touch process that applies where the principle of the development has already been established, but certain specific planning issues still require consideration by the local planning authority.

Reducing the administrative burden of the planning system is an imperative for Government. As one of several strands of work to reduce this burden on planning, the Government consulted in summer 2014 on a range of further, deregulatory, permitted development rights, including those announced in the Autumn Statement 2013 and Budget 2014, and changes to the Use Classes Order, to enable business to respond quicker to changes in market conditions, and enable the best use to be made of existing buildings in support of housing, high streets and growth.

Communities have expressed concern over their lack of control over the proliferation and clustering of betting shops (defined in the Use Classes Order as betting offices) and payday loan shops in particular neighbourhoods. A proposal under the Sustainable Communities Act, which was supported by 63 local planning authorities, requested that power be given to local planning authorities to determine a planning application in respect of betting shops<sup>1</sup>. In April 2014 the Government announced in the gambling strategy, 'Gambling Protections and Controls', as part of its package of controls and player protections, that a planning application would in future be required for the change of use to a betting shop. The Government will also require a planning application for any change of use to pay day loan shops.

## **Rationale for intervention**

The Government is committed to promoting growth, delivering housing and supporting our high streets. It intends to make the planning system simpler, clearer and easier to use, so that appropriate development can take place more quickly and the planning application

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<sup>1</sup> <http://www.hackney.gov.uk/Assets/Documents/SCA-submission.pdf>

process is proportionate to the potential impact of any development. The Government wants to remove unnecessary costs for business and reduce the administrative burden, so that businesses can operate more efficiently and become more competitive.

The policy issues under consideration are (i) to reduce the regulatory burden, delay and costs on businesses and individuals by granting further new permitted development rights and extending some existing permitted development rights, so that more development can take place without the requirement for a full planning application; and, (ii) support communities by giving them more control over the location and numbers of new betting shops and payday loan shops in their area by requiring a planning application for any change of use to these uses. This is set out in detail in Option 1 below.

### **Policy objective**

The policy objectives are to:

- Increase housing supply, revitalise high streets and promote growth in support of the economy.
- Deregulate by removing more development from the requirement for detailed local planning authority assessment of proposals by granting new permitted development rights, and extending some existing permitted development rights.
- Require a planning application for change of use to a betting shop or payday loan shop, so that communities have more control over this type of development in their area. This is a low cost, regulatory measure.

### **Description of options considered**

**Do nothing.** A full application for planning permission with associated fees is required for development, including for change of use, unless permitted development rights as set out in the Town and Country Planning (General Permitted Development) Order 1995 (as amended) apply. New betting shops or pay day loan shops can open without the need for a planning application either in an existing A2 (financial and professional services) premises or by using existing permitted development rights.

**Option 1 (preferred option).** To support housing, the high street and broader economic growth, and to reduce the burden of the planning system on business, the Government is introducing further planning reform to remove the need for a full planning application in more cases. It has amended the Town and Country (General Permitted Development) Order 1995 (as amended) to grant permitted development rights to allow:

- change of use from storage or distribution (for three years), amusement arcades / centres and casinos to residential;
- larger home extensions, for a further three years (from May 2016 to May 2019);
- change of use from shops to financial and professional services;
- shops, financial and professional services, betting shops, pay day loan shops and casinos to change use to restaurants and cafes;
- shops and financial and professional services, betting shops and pay day loan shops to change to a leisure or assembly use;
- some minor modifications to retail premises;
- larger business extensions permanently;
- a new specific right for TV and film production;
- larger capacity solar panels on non-domestic buildings; and,
- modifications within waste management facilities and for sewerage undertakers.

The Government wants to ensure that local planning authorities are able to determine a planning application for any change of use to a betting shop or pay day loan shop in

accordance with national policy and its local plan. This will be achieved by making betting shops and pay day loan shops sui generis, so that in future a planning application for change of use to a betting shop or pay day loan shop will always be required.

The majority of the individual changes being brought forward are deregulatory. However, the removal of existing permitted development rights to change use to betting shops and pay day loans is a low cost regulatory measure.

A consultation exercise, the 'Technical consultation on planning', was held from 31 July to 29 September 2014 to test the viability of these proposals and also to identify whether there are any additional opportunities to deregulate further. Evidence received through the consultation is reflected in this validation impact assessment.

## **Option 1**

### **(i) Increasing housing supply**

#### **New homes from storage or distribution buildings**

Currently, to change from storage or distribution use to residential use requires a full planning application. The Government is introducing a new permitted development right for three years, so that premises in storage or distribution use (up to 500m<sup>2</sup>) can change to residential use, subject to prior approval by the local planning authority.

#### **New homes from some sui generis uses**

Currently, a planning application is required to change from sui generis (in a class of their own) uses to another use. The Government is introducing a new permitted development right so that premises in some sui generis uses (casinos and amusement arcades / centres) (up to 150m<sup>2</sup>) can change to residential use without the need for a full planning application, subject to prior approval by the local planning authority.

#### **Extensions to dwellings**

Rights to allow householders to build larger extensions were brought into force in May 2013 on a temporary basis to May 2016. The Government is extending the rights for a further three years, from 2016, allowing larger single storey, rear extensions, subject to prior approval by the local planning authority.

### **(ii) Supporting a mixed and vibrant high street**

#### **Change of use from shops (A1) to financial and professional services (A2)**

Currently, a planning application is required to change use from shops (A1) to a financial and professional services (A2) use. The Government is introducing a new permitted development right so that shops can change to financial and professional services use without the need for a full planning application.

#### **Requiring a planning application for betting shops and pay day loan shops**

Currently, it is possible to change from another A2 use or number of different uses to a betting shop or pay day loan shop under permitted development rights without the need for a planning application. The Government is introducing a requirement that any future change of

use to a betting shop or pay day loan shop will need a full planning application. This is a low cost regulatory measure.

### **Change of use from some high street uses and some sui generis uses to restaurants or cafés**

Shops (A1), financial and professional services businesses (A2), betting shops, pay day loan shops and casinos (up to 150m<sup>2</sup>) that wish to change their use to restaurants or cafés (A3) currently need to submit a planning application. The Government is introducing a new permitted development right so that they will no longer need to. These changes will be subject to prior approval by the local planning authority.

### **Change of use from some high street uses and some sui generis uses to assembly or leisure use**

Currently, shops (A1), financial and professional services businesses (A2), betting shops and pay day loan shops (up to 200m<sup>2</sup>) that wish to change their use to cinemas, gyms, concert halls, etc.(D2), need to submit a full planning application to the local planning authority. The Government is introducing a new permitted development right so that they should no longer need to. These changes will be subject to prior approval by the local planning authority.

### **Expanded facilities for retailers**

Retailers who wish to construct small ancillary buildings within their car park, for instance to accommodate click and collect facilities, have to submit a planning application to the local planning authority. The Government is introducing measures to allow shops to erect one such building without the need for a planning application. These changes will be subject to prior approval by the local planning authority.

Similarly, retailers seeking to expand their loading bays by up to 20% will no longer have to apply for planning permission.

### **(iii) Supporting growth**

#### **Permitted development rights for the film and television industries**

Currently, there are permitted development rights which allow for temporary change of use of up to 28 days, which can be used for location filming or other uses. The Government is introducing a new permitted development right to specifically allow for location filming for a maximum of nine months in any 27 month period on up to 1.5 hectares for land and buildings. These changes will be subject to prior approval by the local planning authority.

#### **Extend the permitted development rights for solar PV panels on non-domestic buildings**

A permitted development right for the installation of solar panels on non-domestic buildings up to a capacity of 50kW was introduced in 2012. The Government is introducing a new permitted development right allowing the installation of solar PV with a capacity of up to 1MW, subject to prior approval by the local planning authority.

#### **Extensions to business premises**

Rights to allow businesses to build larger extensions were brought into force in 2013, on a temporary basis to 2016. The Government is making these rights permanent.

## **Permitted development rights for waste management facilities**

Currently a planning application is required for any works within an existing waste management facility. The Government is introducing a new permitted development right for existing waste management facilities so that they can make some like-for-like replacements.

## **Extend the permitted development rights for sewerage undertakers**

Whilst sewerage undertakers have permitted development rights for plant (machinery), they have to submit a planning application for other minor works within a site curtilage, e.g. equipment housings (known as “kiosks”), etc. The Government is extending the current permitted development rights to include these minor works, within the site boundary.

## **Costs and benefits of the preferred option**

The costs and benefits have been assessed on the proposals as consulted. The changes from the preferred option will impact on the main affected groups in the following way:

### Business

Developers (applicants) will benefit from no longer being required to submit full planning applications for the change to residential use from warehouses and named sui generis uses. This represents a reduction in transaction costs, including a reduction in fees and the administrative burden in the preparation of a full planning application. Owners of these types of commercial buildings will benefit from the change of use to residential through increased property values. They will also benefit from being able to change the use of their buildings, particularly underused buildings, so that they can be brought back into use.

Shop owners will benefit from no longer having to submit a full planning application for the change of use to financial and professional services (A2), restaurants and cafes (A3), and assembly and leisure (D2). Financial and professional services (A2) businesses will benefit from no longer having to submit a full planning application for the change of use to restaurants and cafes (A3), and assembly and leisure (D2).

Owners of non-domestic property will also be able to make more use of their property by hosting larger capacity solar panels, thereby reducing their energy costs and helping the UK to meet its energy reduction targets.

Retailers and commercial property owners will benefit from no longer being required to submit planning applications for some minor modifications to their existing premises, such as building larger extensions or extending their loading bays. This will enable them to respond more quickly to changing consumer demand and changing retail behaviour, such as the growth of click and collect.

Specific sectors such as film and TV production companies, operators of waste management facilities and sewerage undertakers will all benefit from no longer having to submit a full planning application.

Betting shops and pay day loan shops will incur additional costs from the requirement to submit a planning application for any change of use to a betting shop or payday loan shop. .



Businesses occupying storage, distribution or named sui generis uses premises may incur costs from increased rents (due to increased property values) or through relocation if the building owner changes to the higher value land use.

Building occupiers may suffer a loss in amenity from neighbouring additional development, on which they will not have the opportunity to comment. This could include, for example, an increase in footfall, traffic and parking.

### Householders

Householders will benefit from not having to submit full planning applications for larger extensions. The prior approval process will be simpler and less expensive than a full planning application.

### Local planning authorities

Local authorities may benefit from this policy due to the reduction in administrative costs required for the planning process as a result of having fewer planning applications. However this benefit will be offset by a decrease in fee income from prior approval applications, which may not always cover its costs.

By removing the need for planning permission for some types of development, local authorities will lose the opportunity to consider such development in the context of their local plans. Where they consider it is necessary to protect the local amenity or wellbeing of the area, they may make an Article 4 direction to remove the national permitted development rights in a specified area and require a planning application to be submitted. There will be associated costs to local planning authorities in making an Article 4 direction, including the costs of collecting evidence and consulting on the proposed Article 4 direction, as well as the administrative cost of processing planning applications, because the fee is waived where Article 4 directions have been made.

## **Assessment of Costs and Benefits**

### **Option 1: New permitted development rights and requirement for planning application for a change of use to a betting shop or payday loan shop**

There are 14 changes that form Option 1. For ease of analysis, these have been grouped together in four sections – new homes, continuing temporary permitted development rights, changes to shops and financial services use classes (including the requirement for a planning application for betting shops and payday loan shops) and promoting growth. The approach taken to the assessment of costs and benefits to business for each of these is however similar and is explained below.

### **Permitted development rights with prior approval: No longer preparing and submitting a planning application for change of use - saving to applicants**

The applicant will benefit from not having to incur a cost in preparing and submitting a full planning application. The resource, time and fee cost of a full planning application can vary for the applicant (business). For estimating the total costs incurred to the applicant when making an application, a range of values have been used to illustrate the possible span of benefits which applicants may gain from the policy. It is important to note these benefits are far wider than no longer paying a fee.

Research commissioned by the Department found the cost to developers of preparing and submitting an application for change of use is between £290 and £3,370. The average cost of £1,250 is used for a central estimate of savings from reducing the instances where change of use applications must be submitted<sup>2</sup>. The costs identified were those that were specific or additional relating to the requirement for planning permission, as distinct from those other costs associated with, for example, producing and implementing a design scheme. These include the overall costs of devising, planning, designing, project managing and commissioning development schemes including the following elements associated specifically with preparing and submitting an application:

- costs attributable to staff working for the applicant (the developer or eventual occupier)
- research-type costs towards identifying sites, gaps in the market for particular use configurations, development potential, etc;
- professional services focused on bringing forward or shaping the research findings into practicable schemes – such as making development plan representations to have a site included in local authority land allocations;
- land or site acquisition costs – including the costs of establishing ownership, procuring deeds, legal and contractual advice, and of course the finance cost of purchase or lease itself;
- scheme scoping to identify potential and desirable uses, including the possible mix, scaling or massing as the ‘terms of reference’;
- scheme development based on the parameters to work into a fully-considered scheme appropriate for planning submission including design, pre-application consultations with authorities and consultees, and interdisciplinary liaison;
- submission of the application – including the information required for the validation of the planning application, again drawing upon a similarly diverse range of disciplines;
- post-submission negotiation and representation with additional information requirements or alterations to the original scheme, design, mix or layout; and
- post-determination elements including handling or any appeal against refusal or particular conditions, or work towards discharging pre-commencement and other conditions.

These estimates include the cost of paying a planning fee to the local planning authority, where appropriate. The fee, correct at the time of the report and therefore included in the above cost, was £335<sup>3</sup>. This fee has now risen to £385 so calculations represent a slight underestimate.

To include the full saving would however not be accurate since the majority of the options will still require prior approval. Prior approval provides a light touch, simplified approach, compared with the existing application for planning permission. It focuses on the key planning issues associated with particular types or location of development identified in the regulations. The information developers have to provide should have already been researched and prepared as part of the work to bring forward the proposal. For example, developers would have site plans and architects drawings as part of the preparation for their scheme, so where it is required as a matter for prior approval there is no further work involved.

Local authorities are required to complete processing work in relation to considering a request for prior approval. There is a centrally set fee of £80 for prior approval, with a higher

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<sup>2</sup> Department for Communities and Local Government (July 2009), *Benchmarking the costs to applicants of submitting a planning application*, <http://webarchive.nationalarchives.gov.uk/20120919132719/http://www.communities.gov.uk/documents/planningandbuilding/pdf/benchmarkingcostsapplication.pdf>

<sup>3</sup> Department for Communities and Local Government (Feb 2010), *A Guide to the Fees for Planning Applications in England*, [http://www.planningportal.gov.uk/uploads/english\\_fees-feb\\_2010.pdf](http://www.planningportal.gov.uk/uploads/english_fees-feb_2010.pdf)

fee of £172 where there is prior approval and the rights allow physical works (for example sui generis to residential, ancillary buildings for retailers). The fee reduces but does not offset the savings from not having to submit a full application.

Prior approval applications are a simplified version of planning applications. At their simplest they require factual information such as names, addresses, contact details and a description of the proposal.

The prior approval application must be accompanied by plans and drawings and any necessary information relevant to the prior approval matters. However, it is expected that much of this information will already be available from the scheme development work i.e. is not additional for the prior approval process. The benchmarking work referred to above demonstrates that change of use applications took “between a couple of days and a week of (applicant) time”. This was attributed to correspondence with the local planning authority, drawing up plans and filling in the form.

The benchmarking report suggests the cost to applicants of preparing an application (distinct from scheme development, submission, post submission and determination work) is between £0 and £1,772. In order to assess the administration element of this cost we consider the wage cost of the time resource identified above (two to five days).

To assess the remaining administrative cost of this activity we use estimated wage costs. The average hourly wage of those individuals required to complete the form is estimated to be £23.36: this wage is up-scaled from the median wages of ‘construction project managers and related professionals’<sup>4</sup> to reflect non-wage labour costs in line with HM Treasury guidance.

Over 5 working days (assumed to be 37.5 hours) the cost of continuing to complete this type of form is £876. For this estimate to be valid, the applicant would need to spend the entire time working on the application – the report suggests that this time is spent in discussion with the local authority which implies the agent is free to conduct other business. This would therefore be an over estimate.

At the lower end of the range two days to collate existing information and complete the form would cost £327. The same applies here, for this not to be an over estimate, the developer (applicant) would need to be working solely on the notification for two days. However, this is inconsistent with the lower estimate for the cost of submitting a planning application - £290. This will include a fee of £172<sup>5</sup> leaving a maximum of £118 that could have been spent on administration to complete the application. Given the vagueness of the report (“couple of days”) and the fact the new form is intended to be light touch and require less resource to complete than the old form, this lower bound is adjusted from £327 to £118 to match the cost to applicants of submitting a planning application currently (£118 + £172 = £290, see page 11).

The end result is that our estimate of the savings to applicants is adjusted, in the low scenario, the applicant makes no saving relative to the counterfactual. In the high scenario, total savings of £3,370 (or £1,190 in the case of householder extensions) are reduced to reflect remaining applicant administration costs of £876 plus a continued fee of £80. Savings are therefore £2,414. In the central estimate, continued applicant administration costs are assumed to be £497 plus a fee of £80 (mid-point between £118 and £876) relative to the cost of submitting a full application of £1,250 -savings in the central case are therefore £673.

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<sup>4</sup> Taken from the Annual Survey of Hours and Earnings table 14.5a published by the Office for National Statistics

<sup>5</sup> Assumed at least equal to the fee under the new process – in reality the fee would have been £335 in almost all cases but this is inconsistent with the low estimate of total cost provided by the benchmarking report, £290.

It is worth noting that the key savings are in the preparation required to complete a full planning application, and for post submission discussions. Developers do not for instance have to research whether their proposal is in accordance with local policies, and pre-application advice is not necessary. Post application discussions will be reduced, as the issues under consideration are limited. Further time and financial savings will arise by virtue of the fact that the developer is not required to enter into negotiations about a section 106 agreement. These are major components of the submission process and are included in the benchmarking exercise as discussed above. This is represented by the savings to applicants being the difference between the current costs of submitting a planning application and the costs of using the new prior approval process.

This treatment is consistent with the approach taken in the Impact Assessments for *New opportunities for sustainable development and growth through the reuse of existing buildings* (DCLG12029) and *Further flexibilities between use classes to support change of use* (DCLG 1401), previously validated by the Regulatory Policy Committee.

Given the bespoke nature of planning proposals discussed above – we expect applicants to consult regulations in every case – applicants need to find the detailed guidance for each planning application. As a consequence applicants incur the costs of searching for regulations in the counterfactual. We do not therefore expect there to be familiarisation costs for searching for new regulations as these costs are also incurred in the counterfactual. This is consistent with the arguments made in the preceding triage form (RPC14-FT-CLG-2147).

The number of change of use applications by use class is **not** centrally recorded (except for those temporary permitted development rights that are being extended – these estimates are dealt with in the specific section). As a result we need to make an assumption in this area. Our suggested assumption and reasoning is as follows:

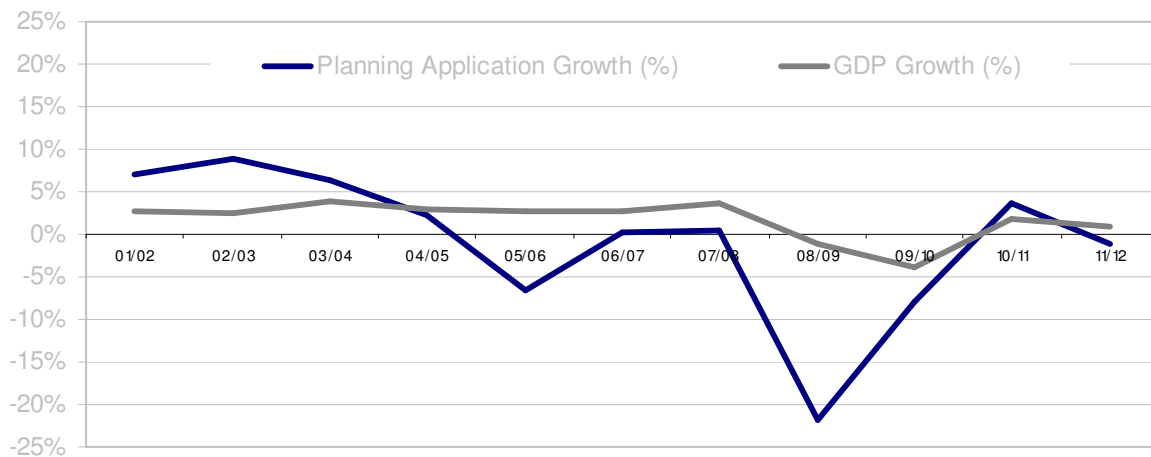
- Department for Communities and Local Government Land Use Change Statistics record the number of **observations** of a change of land use taken from the Ordnance Survey map revisions process;
- An observation on the land use change statistics is **not** the same as a planning application. Each observation may represent a single premise or a number of co-joined premises. However, in the absence of actual data on change of use applications we have assumed that each observation represents one existing planning application. Multiple premises changing use at the same time are likely to have a single owner or an agreement between multiple owners. It is likely a single planning application will be made to reduce total transaction cost. The average numbers of observations between 2002 and 2011 has been used to estimate the number of changes that may benefit<sup>6</sup>;
- Analysis of the relationship between applications and GDP growth suggests there is a cyclical relationship between applications and GDP growth. Ten year average growth rates (excluding an obvious anomaly in the planning application series in 2008/09) show a close to one-to-one relationship and our provisional modelling of this relationship also suggests a similar relationship<sup>7</sup>. In light of this we have adopted a one-to-one relationship between GDP growth and change of use planning applications;

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<sup>6</sup> DCLG Land Use Change Statistics 2002 to 2011

<sup>7</sup> Note we have not used the precise relationship implied by the model as it is still under development

**Figure 3: Ten year planning application and GDP growth rates**



Assumptions around take up are set out clearly with the costs and benefits for each option. An annual summary table for the central scenario for the costs and benefits of the options described below can be found at Annex A. Once again, this treatment is consistent with the methodology used in the Impact Assessment for *New opportunities for sustainable development and growth through the reuse of existing buildings* (DCLG12029) previously validated by the Regulatory Policy Committee.

### **Permitted development rights not subject to prior approval**

Some of the proposed permitted development rights, while subject to limitations on size etc, are not subject to prior approval by the local planning authority. In this case there would be no fee, and business would benefit from saving the full cost of no longer needing a planning application. Proposals for which there is no fee for prior approval include for example: waste, sewerage and loading bays. Since these are quite bespoke the Department does not hold data on the expected volumes and therefore the benefits and costs are not monetised – see Section (iv).

### **(i) New Homes**

This section considers the costs and benefits of the proposals to allow change of use to residential from storage or distribution and some sui generis uses (casinos and amusement arcades / centres).

There is an obvious benefit to business from a reduced administrative burden by no longer being required to submit a full planning application to change use to residential use, and being able to go through the less burdensome prior approval process.

The Land Use Change Statistics show that between 2002 and 2011 there were on average 284 observations of changes of use from storage or distribution to residential per year. The limitations proposed, such as on listed buildings, mean that not all storage or distribution sites will be able to change use under these rights. In addition, the rights propose prior approval in respect of the impact of residential use being introduced into an existing industrial or employment area. Consistent with the treatment of this uncertainty in the previously validated impact assessments referred to above, the low estimate assumes this will never be the case, i.e. no conversions will use the right, the high estimate assumes this will always be the case, i.e. all conversions will use the right, whilst the central estimate is the midpoint (50%, 142 applications per annum fall under permitted development).

For the sui generis to residential elements of the proposal there is no centrally recorded change of use data at the level of detail required. The responses to the consultation did not provide any additional information on the number that may potentially change use. Given the limited expected take up of this right and the lack of recorded data of any kind on the number of sui generis premises converting to retail it is reasonable not to attempt to quantify these costs and benefits (consistent with the Better Regulation Framework Manual paragraph 2.2.3)

Based on the profile of application shown in Annex A (150 in year 1), and savings in the central case of £673, over the three years the potential average annual benefit to applicants from no longer submitting a planning application is expected to be £100,000 (£0 to £720,000)<sup>8</sup> depending on the extent to which applicants are able to make savings.

Local Planning Authorities will forego fee income of £0 to £76,000 per year for three years (the full application fee is reduced from £335 to £80). This is a transfer to the applicants and, as mentioned, is represented in the savings shown above. The reduction in fee income will be compensated by a reduction in workload by no longer dealing with applications.

## **(ii) Continuing temporary permitted development rights**

This section considers the costs and benefits of continuing the temporary permitted development rights which were introduced in May 2013, for a period of three years. These permitted development rights allow larger extensions on houses for a further three years, i.e. to May 2019, without the need for a planning application. The permitted development rights allowing larger extensions on business premises without the need for a planning application are to be made permanent. There is an obvious on-going cost benefit to applicants from the reduced administrative burden required for prior approval, compared to a full planning application.

The original impact assessments for the introduction of the permitted development rights for householder extensions included some estimates for take-up (see RPC12-FT-CLG-1558(2)). Subsequently, the Department's Planning Application Statistics are now available to monitor the uptake of the new rights and will be used to make an assessment of volume. Figures for the rights are available for the period April to June 2014.<sup>9</sup> Increasing the quarterly rate by a factor of 4 to provide an annual total, there are expected to be around 30,700 householder extensions. The volume is assumed to grow in line with the growth in planning applications as set out in the assumptions section above<sup>10</sup>.

No costs and benefits are estimated for the first year of the appraisal period 2015/16 since these will already have been included in the initial impact assessment for the temporary rights.

For householder extensions the maximum savings to applicants would be the costs of preparing and submitting an application, £1,190, and were examined in detail in the previous impact assessment. There is no fee for the prior approval procedure but householders are assumed to continue to incur an administrative cost in preparing their notification. Consistent with the previous impact assessment, also validated by the Regulatory Policy Committee,

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<sup>8</sup> These costs are over three years. The estimates on the front page area averaged over the full 10 year appraisal period. All costs for betting shops and pay day loan shops are for the full 10 year period.

<sup>9</sup> DCLG (2014) Planning Application Statistics: Live Table E2 <https://www.gov.uk/government/statistical-data-sets/live-tables-on-planning-application-statistics>

<sup>10</sup> The number of householder extensions was estimated to be in the range of 20,000 to 40,000. The recent statistics are broadly consistent.

this is £16.82 (1.5 hours x median wage £11.21) making the per application saving to householders £1,173 (£1,190 - £16.82).

### **Householder Extensions**

Similarly, applicants for householder extensions will no longer be required to prepare and submit a planning application. Based on the average cost of preparing and submitting a householder planning application of £1,173 the administrative saving is estimated to be £38.8m per year for three years (the net present value is £108.5m)<sup>11</sup>.

As with the other categories, the fee saving to the applicant is included in the above calculation as in any continued administration cost.

### **(iii) Changes to shops and financial services use classes**

This section considers the costs and benefits of allowing change of use from the shops (A1) use class to the financial and professional services (A2) use classes, and moving betting shops and payday loan shops from A2 to sui generis.

There will be a cost benefit to applicants from no longer being required to submit a planning application if changing use from shops (A1) to the financial and professional services class (A2). This reduced administrative burden will result in savings for the applicant, both from the cost of going through the planning process and from the time saved.

There will be a cost from the only regulatory measure in this package, with applicants incurring costs from always being required to submit a planning application for changing use to a betting shop or pay day loan shop.

There are two key impacts on business:

- (a) Applicants wishing to change use from A1 premises to A2 are no longer required to submit a planning application;
- (b) Applicants wishing to change from A2 or A3, A4 and A5 use classes to a betting shop or pay day loan shop are now required to submit a planning application;

Applicants wishing to change from a shop (A1) to a betting shop or pay day loan shop will see no change. Businesses wanting to change from a betting shop or a pay day loan shop to A2 or A1 uses will see no change, with the exception that they will require a planning application to move between these two specific uses.

#### **(a) Applicants wishing to change use from A1 premises to A2 are no longer required to submit a planning application**

As described above, the average cost to developers of preparing and submitting an application for change of use is £1,250 (between £290 and £3,370).<sup>12</sup> These values are indicative of the savings that existing applicants may realise in not being required to submit a planning application before undertaking certain types of development.

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<sup>11</sup> These costs are over three years. The estimates on the front page area averaged over the full 10 year appraisal period as all costs for betting shops and pay day loan shops are for the full 10 year period. The net present value is not affected by the appraisal period as the benefits accrue for the first three years, discounting over three or ten years makes no difference.

<sup>12</sup> DCLG (2009) Benchmarking the costs to applicants of submitting a planning application.  
<http://webarchive.nationalarchives.gov.uk/20120919132719/http://www.communities.gov.uk/documents/planningandbuilding/pdf/benchmarkingcostsapplication.pdf>

It is clear there will be savings to applicants wherever schemes previously required a planning application but which will now fall within permitted development rights. In most cases applicants are likely to be businesses.

The volume of applications likely to benefit from the change is not recorded centrally. Neither did the responses to the consultation provide any relevant information on this. It has therefore not been possible to make an assessment of this benefit to business. By way of illustration, if an equivalent number of use changes are made between the A1 and A2 use classes as the number of betting shops or pay day loan shops required to make a planning application the costs to business in the section that follow will be entirely offset.

**(b) Applicants wishing to change from A2 or A3, A4, A5 use classes to a betting shop or pay day loan shop are now required to submit a planning application**

A planning application will be required in respect of the change of use to a betting shop or pay day loan shop. This will add costs to business from the cost of completing the planning application and the delay incurred from the planning process. The cost of submitting a planning application is consistent with the savings made in the previous example – average cost £1,250.

**Betting Shops**

Betting shops are referenced in the Use Classes Order as ‘betting offices’.

Figures provided by local authorities to the Gambling Commission on the number of betting shops below show little change in the overall number for the period from 2009 to 2014. From this we are able to calculate the average annual change in the total number of betting shops opening, although within the total figures some additional betting shops will have relocated. Using these figures, on average, 34 betting shops opened per year.

**Table 1: The number and growth of betting shops in Great Britain**

Year	2009	2010	2011	2012	2013	2014
Number of shops	8,862	8,822	9,067	9,128	9,055	9,021
Change Y-o-Y		-40	245	61	-73	-34

The figures in Table 1 for 2010 through to 2012 are based on licensing authority notifications, and for 2013 and 2014 are taken from each operator’s most recent regulatory return.<sup>13</sup>

The proportion of newly opening betting shops that now require a change of use application that did not before will depend on the proportion of betting shops that open in formerly A2 or A3, A4 or A5 premises. Anecdotally, with betting shops opening on the high street, it is likely that at least some of these betting shops are opening in formerly A1 premises and therefore would have required a planning application in the counterfactual. To consider the magnitude of the likely gross cost we consider the proportion of the 32 annual new openings requiring a planning application that did not previously to be either 25%, 50% or 75%. Six responses were received from the industry, but not all commented in detail on how many new betting shops currently require a planning application. One operator suggested that the proportion of

<sup>13</sup> [http://www.gamblingcommission.gov.uk/gambling\\_data\\_\\_analysis/stats/licensing\\_authority\\_statistics.aspx](http://www.gamblingcommission.gov.uk/gambling_data__analysis/stats/licensing_authority_statistics.aspx)



new openings requiring a planning application was 62%, another suggested 37%. This gives a range of 38% to 63% that did not, either because the use was already A2 or because permitted development rights were used. This is the subset of proposals being considered here and therefore suggests that the central estimate of 50% is reasonable.

These costs of a change of use application are discussed above and estimates range between £290 and £3,370. As discussed, it is particularly difficult to isolate the planning specific costs. Those responses to the consultation that provided an assessment suggested that additional costs can range from £2,000 to £9,500 and that it would take up to 19 weeks longer to secure planning permission. Detailed breakdown of the elements included in these figures were not provided, and therefore we can not make any assumptions about how these vary to the benchmarking previously undertaken by Arup and therefore for the purposes of the impact assessment we are basing our calculations on the Arup data to ensure consistency with previous impact assessments. Based on this cost (£1,250 in the central case) the average annual cost of submitting additional planning applications for betting shops will range between £3,000 and £92,000 dependent on the proportion of new openings requiring a planning application (25% to 75%; around 20 in Year 1 – Annex A). In the highly unlikely event of 75% of new betting shops coming from formerly A2 or A3, A4 or A5 premises, and therefore requiring a planning application where they did not previously and all applicants finding the process extremely costly (upper estimate: £3,370) the gross cost could rise to around the £92,000 upper bound.

Over the ten year appraisal period net present cost is estimated between <£0.1m and £0.8m (best estimate: £0.2m).

Responses to the consultation noted that some operators are not looking for further expansion, and indeed have announced that some sites will close. Others are looking to relocate shops, or to expand. Tighter regulation and increased taxation such as the rise in Machine Games Duty, and competition from the online sector were all cited as factors affecting the number of betting shops. Figures for the impact on the betting sector as a whole may therefore overestimate the actual costs likely to be incurred.

### **Pay Day Loan Shops**

According to the Competition Market Authority payday lending market investigation there were 1,411 pay day loan shops in August 2013, the majority provided by five large companies. The February 2015 report by the Competition Market Authority<sup>14</sup> on its payday lending market investigation notes that the payday loan market, including on-line loans, grew rapidly between 2008 and 2012. In 2014 the market contracted, and four of the 11 major lenders identified at the start of the investigation, as well as some smaller ones, decided to stop issuing payday loans during 2014. High street loans account for only 29% of the total.<sup>15</sup>

The trend data shows that the number of shops broadly doubled between 2010 and 2012, but there was only a marginal increase from 2012 to 2013. To demonstrate the likely magnitude of costs to businesses we have made cautious assumptions. Firstly, that “grown significantly” means 50% of the 1,411 shops opened over the four year period; and, secondly, that this rate of growth will continue over the appraisal period despite a back drop of increasing regulation and improving economic conditions. The Department also considered an extreme scenario of 100% but discounted this following consideration of the

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<sup>14</sup> [https://assets.digital.cabinet-office.gov.uk/media/54ebb03bed915d0cf7000014/Payday\\_investigation\\_Final\\_report.pdf](https://assets.digital.cabinet-office.gov.uk/media/54ebb03bed915d0cf7000014/Payday_investigation_Final_report.pdf)

<sup>16</sup> Office for Budget Responsibility (2013) Economic and Fiscal Outlook: <http://cdn.budgetresponsibility.independent.gov.uk/March-2013-EFO-44734674673453.pdf>

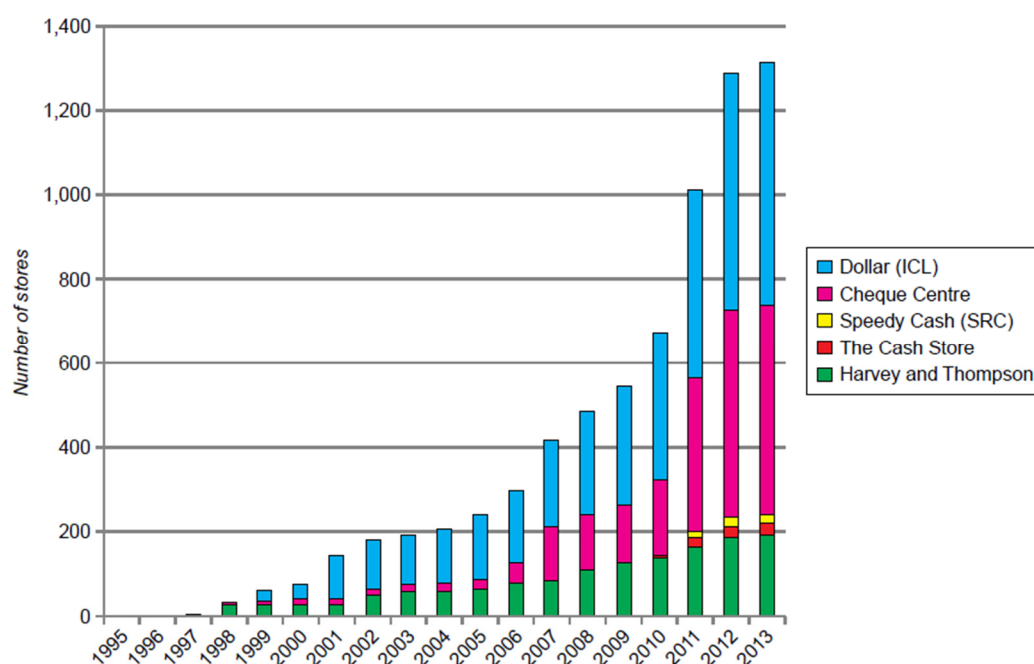
broader Government approach to consumer credit and the consultation responses suggesting that some operators have left the payday loan market.

The Financial Conduct Authority continues its drive to strengthen regulation of lenders and provide greater consumer protection, and introduced a price cap from January 2015. In their report the Competition Markets Authority have set out further proposed remedies to increase price competition between payday lenders, protect consumers from excessive charges and help borrowers get a better deal. Announcing the detailed cap rates and other changes, the Financial Conduct Authority suggested that they expected to see a reduction in the number of pay day loan shops. Reports suggested that the new rules on credit and a cap on costs could encourage up to half of firms to leave the market. Some providers have already left the market in 2014.

The definition of a pay day loan shop to be incorporated into the regulations will capture those premises which would previously been in the A2 use class, and thus may not apply to all those providers captured in the reports figures.

These assumptions mean the number of pay day loan shops opening annually is around 176. The more recent report from the Competition and Markets Authority suggests that the per annum estimate is reasonable for the change between 2012 and 2013– see Figure 1.

**Figure 1: Number of high street lending stores over time**



Source: CMA Analysis

As with betting shops, the range of scenarios where a planning application is now required, but was not previously, is the same. The range of costs associated with a planning application is also the same.

Based on the costs outlined (£1,250 in the central case) and the profile of applications set out in Annex A (90 in Year 1), the average annual costs to applicants range between £15,000 and £518,000 dependent on the proportion of new shops that require a planning application in cases where they did not previously (25% to 75%).

Over the ten year appraisal period £0.1m and £4.4m (best estimate £1.1m).

Planning permission may be granted for new pay day loan shops, and the planning changes will not impact on the number of existing shops, thus allowing users to compare costs and products.

#### **(iv) Promoting growth**

This fourth, and final, section considers the costs and benefits of the remaining proposals in the package, which all relate to new / extended permitted development rights, i.e. they increase the range of development types which no longer require a planning application, although most will require some form of prior approval (light touch process).

*The proposals in this section are:*

- Allow change of use from shops (A1), financial and professional services businesses (A2), and some sui generis (casinos, betting shops and pay day loan shops) to restaurants or cafés (A3), subject to prior approval.
- Allow change of use from shops (A1), financial and professional services businesses (A2) and some sui generis (betting shops and pay day loan shops) to leisure (D2) (e.g. cinemas, gyms, concert halls), subject to prior approval.
- Extending permitted development rights for retailers to adapt or expand their facilities, including the small expansion of their loading bays. In addition the rights will allow construction of one small ancillary building within their car park to support click and collect, subject to prior approval.
- Extend permitted development rights for the film and television industries beyond the current 28 days to nine months within any 27-month period, subject to prior approval.
- Introduce a new permitted development right for solar PV panels on the roofs of non-domestic buildings from the current limit of 50kW to 1MW, subject to prior approval.
- Allow existing waste management facilities to make some like-for-like replacements of buildings, machinery and plant.
- Extend permitted development rights for sewerage undertakers to allow installation of equipment housings (known as “kiosks”).

As discussed above, in the case of sui generis uses and indeed more specific uses, for example Solar PV panels on non-domestic buildings, there is not sufficient data. However, the discussion on pages 10 to 14 shows clearly that the shift from a full planning application to a prior approval or permitted development right provides clear savings to the applicant (£0 to £876 per application no longer required). On this basis, and consistent with paragraph 1.9.21 of the Better Regulation Framework Manual, business applicants will only opt to use permitted development rights where it is beneficial for them to do so.

### **The wider economic impact (All options)**

It is widely acknowledged that a planning restriction on change of use will create an economic cost that would not be present without the restriction, see Nathan and Overman (What We Know (and Don't Know) About the Links between Planning and Economic Performance. 2011). Restricting change of use between existing buildings by requiring an applicant to seek consent introduces a transaction cost. This transaction cost increases the generalised cost of changing the use of an existing building. As costs are higher than just the costs of the non planning work, some building owners will be deterred from making a switch

to a more productive use. This represents a cost to society. Removing these barriers presents an opportunity to ensure existing building stock is used more efficiently.

As already noted there may be wider costs and benefits which this validation impact assessment is not designed to capture. The most notable are potential indirect costs to businesses which are currently occupying space which is subject to change to higher value, e.g. residential use. These businesses could be subjected to rent increases or relocation costs as they move to new sites with the appropriate use class.

This may also be the case with changes between other uses. By allowing commercial premises to switch to more productive (higher value) uses, the opportunity cost of not switching rises. Commercial rents may increase to reflect this opportunity cost – whether rental values increase depends on the supply of commercial property. The previous impact assessment RPC11-CLG-0845(3) considered the increase in rents to be dependent on vacancy rates in the relevant market.

Regardless, the increase in rent to reflect the opportunity cost of holding the property in an economically less valuable use is a transfer. Any increase in rent charged to the occupant is received by the building owner as an increase in rent. Consequently, this represents a transfer from a business occupant to another business (property owner).

Attempting to estimate the value of the transfer would require detailed market investigation which is beyond the scope of this impact assessment. It would be disproportionate to attempt such a study to gain a value for a transfer between individual businesses for the purposes of this assessment. This is a validation stage impact assessment, and therefore specifically only considers the direct costs of the changes and therefore does not consider the indirect costs to businesses of increased rents if the supply of commercial buildings is reduced by increased change of use (Paragraph 1.9.33 of the Better Regulation Framework Manual).

## Risks and assumptions

The options are modelled using the number and cost of applications for each development type by using categories used in Land Use Change Statistics as proxy indicators for Use Class Orders.

It is assumed here that a site level change, as reported in Land Use Change Statistics, is comparable to a planning application (which is likely to be an underestimate). It is also assumed that the number of changes taking place over the 10 year period is going to increase in line with economic growth<sup>16</sup> based on observed trends over the past ten years<sup>17</sup>, and the growth in these applications is displayed in Annex A.

The cost of a planning application can vary for the applicant. The Arup report finds that the average cost of a change of use planning application is around £1,250 and could vary between £290 and £3,370. As set out on page 11 this includes resource, time and fee costs that are specific to the requirement to seek planning consent.

A change of use planning application fee is £335 (this should be captured in the costs to applicants – however fees have increased to £385 since the report so there will be a slight

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<sup>16</sup> Office for Budget Responsibility (2013) Economic and Fiscal Outlook:  
<http://cdn.budgetresponsibility.independent.gov.uk/March-2013-EFO-44734674673453.pdf>

<sup>17</sup> See DCLG live table P120:  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/70033/TableP120.xls](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/70033/TableP120.xls)

under estimate). In order to ensure consistency between savings to applicants and transfers affecting local authorities, the fee schedule from the time of the report is used to calculate the local authority transfer. Local authorities may benefit from this policy due to the reduction in administrative costs required for the planning process as a result of having a lower level of planning applications. However this benefit will be offset by a decrease in fee income from planning applications.

### **Direct costs and benefits to business calculations (following OITO methodology)**

Option 1 offers the most benefit to business applicants in cases where applications are avoided. Only changes that will directly affect the use classes predominantly used by business (for example storage and distribution to residential) are scored here. Specifically, these include the options to create new homes.

There are also costs to businesses. Specifically, costs may arise from betting shops and pay day loan shops being required to submit applications where they previously had no requirement to do so.

As a consequence the changes to householder applicants are excluded from these figures as the applicants will not be businesses.

The gross savings to business applicants are calculated from the savings from part (i) new homes. (The costs mentioned in the evidence base are for the three year period of the policy, with averages over these three years. The estimates on the front page are averaged over the full 10 year appraisal period.)

The gross costs to business are the sum of the costs for new applications for betting shops and pay day loan shops from part (iii).

Equivalent annual direct costs to business are £0.1m and there are benefits to businesses of £0.03m. The Equivalent Annual Net Cost to Business (2009 prices) is £0.1m.

Overall, the changes are classified as an IN because there is a small direct cost to business.

**Annex A – Numbers of change of use associated savings to applicants – ten year appraisal period**

Year		1	2	3	4	5	6	7	8	9	10
Growth Rate		2.7%	2.3%	2.6%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
<b>New Homes</b>	Applications	150	150	150	0	0	0	0	0	0	0
	Admin Saving (+ Developers)	£98,000	£100,000	£103,000	£0	£0	£0	£0	£0	£0	£0
	Fee Loss (Transfer LPA)	£37,000	£38,000	£39,000	£0	£0	£0	£0	£0	£0	£0
<b>Housholder Extensions</b>	Applications	0	32,210	33,050	33,870	0	0	0	0	0	0
	Admin Saving (+ Developers)	£0	£37,786,000	£38,768,000	£39,737,000	£0	£0	£0	£0	£0	£0
	Fee Loss (Transfer LPA)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
<b>Betting Shops</b>	Applications	20	20	20	20	20	20	20	20	20	20
	Admin Cost (Developers)	£20,000	£21,000	£21,000	£22,000	£23,000	£23,000	£24,000	£24,000	£25,000	£25,000
<b>Pay Day Loan Shops</b>	Applications	90	90	100	100	100	100	100	110	110	110
	Admin Cost (Developers)	£113,000	£116,000	£119,000	£122,000	£125,000	£128,000	£131,000	£134,000	£138,000	£141,000

Note: Numbers of applications are rounded to the nearest ten.