

Agenda Item	10
Report No	PLA 25/17

HIGHLAND COUNCIL

Committee: Places Committee

Date: 16 August 2017

Report Title: Developer Contributions for Education Infrastructure

Report By: Report by Director of Development and Infrastructure

1. Purpose/Executive Summary

- 1.1 Officers are currently reviewing and updating the adopted Developer Contributions Supplementary Guidance (DCSG) (adopted March 2013) and the Action Programme for the Inner Moray Firth Local Development Plan (IMFLDP) (adopted July 2015) which monitors and updates the actions for implementation of the IMFLDP.
- 1.2 This report highlights initial findings of the review relating to developer contributions for education in the Inverness area. This provides clarification on the approach to be taken to appropriately manage the impact of development on the school estate. The wider review of the DCSG and a new draft DCSG will be reported to the 8 November 2017 Places Committee for approval for consultation, while the updated IMFLDP Action Programme needs to be published by October this year.

2. Recommendations

- 2.1 Members are asked to:
 - i. agree that developer contributions within the Inverness associated schools groups' catchment areas will be subject to new build equivalent rates as set out in paragraph 3.48 of the adopted Developer Contributions Supplementary Guidance; and
 - ii. note that the full methodology for developer contributions for all infrastructure types will be set out in the forthcoming draft Supplementary Guidance to be presented to the 8 November Places Committee.

3. Context and Background

- 3.1 There have been numerous reports to different Council committees on the pressures being felt in the school estate in Inverness, and Members have asked for specific action in the Inverness area. Officers have already commenced a review of the Action Programme for the Inner Moray Firth Local Development Plan (IMFLDP) which is providing an up to date picture of the infrastructure requirements to support growth in the IMFLDP area. This has included working with officers from Care and Learning to update the school infrastructure requirements.
- 3.2 Alongside, a review has also commenced on the Developer Contributions Supplementary Guidance (DCSG) which was adopted in March 2013 under the Highland-wide Local Development Plan. A new draft DCSG is anticipated to be reported to the 8 November 2017 Places Committee for approval for consultation. The new draft DCSG will set out the recommended approach for all types of developer contributions, as a means of mitigating the impact of development and ensuring that future development is matched by the associated infrastructure and services required.
- 3.3 This combined review has highlighted that the methodology for calculating developer contributions for education needs to be updated. The Action Programme Update is re-emphasising the significant new-build schools required in the Inverness area to support the scale of development proposed. The review of the adopted DCSG has identified that anticipated developer contributions from future development may not be sufficient to deliver all of the school infrastructure requirements to mitigate the impact of new development.
- 3.4 Paragraph 3.48 of the adopted DCSG states that any new build school accommodation required to support development will be dealt with on a case by case basis through negotiation with the Council. No set guidance on the actual rate to be used in these negotiations is set out. In light of this, this report clarifies the methodology for calculating the requirements for education based contributions in the Inverness area.

4. Analysis of School Capacity and Developer Contributions for Education

- 4.1 School roll forecasts (SRF) indicate that three of the five Inverness secondary schools are already experiencing capacity issues with school rolls in excess of 90%. Taking account of the forecasted phasing of housing sites, all Inverness secondary schools are forecasted to go over capacity within the next 15 years. SRFs also show that Primary Schools are under similar pressures and require significant additional capacity to support growth.

Table 1 – Current and Forecasted Secondary School Capacities

Secondary Schools	Existing School Capacity (Pupils)	Existing Capacity SRF 2016/17 (Pupils / % of school capacity)	Short Term Forecasted Capacity to 2030/31 (Pupils / % of school capacity)
Millburn Academy	1,200	1,109 (92%)	1,514 (126%)
Inverness Royal Academy	1,474	1,011 (69%)	1,711 (116%)
Charleston Academy	802	730 (91%)	1,009 (126%)
Culloden Academy	968	1,054 (109%)	1,486 (154%)
Inverness High School	698	484 (69%)	722 (103%)
Cumulative Total	5,142	4,388 (85%)	6,442 (125%)

- 4.2 In planning to address the impact of development on schools, the adopted DCSG provides developer contribution rates for where a modular one or two classroom extension is required as shown below, based on December 2008 construction cost estimates and index linked to account for inflation. These are applied where all planned development in the relevant catchment area results in an excess school capacity of less than 25 places, or more than 25 places respectively.

Table 2 – Developer Contributions for school extensions Index-Linked to Q2 2017

Based on a Temporary One Classroom Extension				
	As Per Published Guidance (reflecting Q2 2012 Costs)		As Currently Applied (indexed to Q2 2017: factor 1.265)	
1 Classroom	Primary	Secondary	Primary	Secondary
Houses	£2,013	£1,039	£2,546	£1,314
Flats	£260	£65	£329	£82
Based on a Temporary Two Classroom Extension				
	As Per Published Guidance (reflecting Q2 2012 Costs)		As Currently Applied (indexed to Q2 2017: factor 1.265)	
2 Classrooms	Primary	Secondary	Primary	Secondary
Houses	£1,598	£825	£2,021	£1,044
Flats	£206	£52	£261	£66

- 4.3 To provide an indication of the developer contributions for any new build accommodation required beyond the temporary rates above, a benchmarking exercise has been carried out of the equivalent developer contribution rates used by various Councils across Scotland, and recent school developments in Highland. In light of this review it is recommended that the following rates are applied for new primary and secondary schools for any new development:

4.4 **Inverness Primary Schools**

- 4.4.1 Our analysis of a sample of other planning authorities highlights an average primary school cost of £23,276 per pupil (excluding land costs) when index linked to the 2nd quarter of 2017. This per-pupil cost translates to a **per-dwelling cost of £6,983** (£23,276 x 0.3 pupil product ratio). We propose that this per-dwelling cost is applied to any development where there is a clear need for new schools as a result of their construction.

Average Primary School cost per pupil £23,276 (Index-linked to Q2 2017)	
x	0.3 pupil product ratio (PPR)
=	£6,983 per dwelling primary school costs (excluding land costs)

4.5 **Inverness Secondary Schools**

- 4.5.1 To identify developer contribution rates for secondary schools we have reviewed the costs for recent new-build secondary schools in Inverness to provide the most representative results. Applying the recently redeveloped Inverness Royal Academy construction cost of £39m, the approximate secondary school cost per new home in Inverness would be as follows:

$$\begin{aligned} &£39\text{m} / 1,470 \text{ pupils} = £26,530 \text{ per pupil} \\ &\times 0.13 \text{ pupil product ratio (PPR)} \\ &= \mathbf{£3,449 \text{ per dwelling secondary school costs (excluding land costs)}} \end{aligned}$$

- 4.5.2 We have benchmarked these costs against other Councils across Scotland which confirms that these rates are directly comparable with secondary school developer contributions applied elsewhere.

4.7 **Land Costs**

- 4.7.1 Alongside the developer contributions for forecasted school provision, it will be vital to factor land costs in the final calculation of developer contributions. In all cases developers will be expected to safeguard and make available the land agreed with the Council as being required for school provision. As an illustration, a recent land valuation report identified housing land costs of £400k per acre or roughly £1m per hectare. It is proposed that the cost of land acquisition for education be spread across the relevant catchment in the same way as the cost of the school facilities will be. In so doing, no particular landowner or developer will be disproportionately disadvantaged by the school site being required on his/her land. Further details on this approach will be set out in the emerging DCSG.

5. **Implications**

- 5.1 **Resource:** This work aims to ensure that appropriate and proportionate developer contributions can be sought towards education infrastructure associated with new development to help manage the future school estate. The degree of financial support from the Council to deliver such facilities will vary from one school to another and the Capital Programme would need to be coordinated with any funding to ensure delivery of new facilities. Separately, resources to complete the preparation of the emerging draft DCSG and IMFLDP Action Programme are incorporated within the service budget.
- 5.2 **Legal:** The approach set out here and in the emerging draft DCSG is considered to be compatible with Scottish Government legislation on developer contributions. The forthcoming draft guidance will undergo internal review and will then be subject to scrutiny by Committee and then public consultation.
- 5.3 **Community (Equality, Poverty and Rural):** The approach set out in this paper and in the emerging draft DCSG seeks to ensure that development takes place in a sustainable manner and facilitates the provision of timely infrastructure to mitigate any adverse community impacts.
- 5.4 **Climate Change / Carbon Clever:** The emerging draft SG will undergo both Habitats Regulations Appraisal (HRA) record and Strategic Environmental Assessment (SEA) screening.

- 5.5 Risk: This report seeks to ensure transparency in the evidence based for agreeing developer contributions for education as per the adopted DCSG. The risks associated with developer contributions are in planning appeals or legal challenges that challenge any contribution sought. Our evidence base, including the school roll forecasts and the monitoring of the phasing of development, combined with coordination of the capital programme, is critical to mitigate this risk.
- 5.6 Gaelic: Gaelic headings and subheadings will be added when the developer contributions guidance becomes statutorily adopted.

Designation: Director of Development and Infrastructure

Date: 1 August 2017

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