

To: Planning and Climate Change Policy Board

On: 23 January 2024

Report by: Chief Executive

Title: Developer Contributions (Education) – key metrics

1. Summary

- 1.1 This report seeks to provide an update to members on progress in preparing a new developer contributions policy for education requirements arising from new housing development in Renfrewshire.
 - 1.2 The draft policy is expected to be brought to the Planning and Climate Change Policy Board in the near future. In the meantime, this report presents an outline of the key metrics which are required to support such a new policy. This report seeks members consideration of these key metrics ahead of presentation of the new policy to a future Board.
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2. Recommendations

- 2.1 It is recommended that the Board:
 - (i) Consider the key metrics outlined in this report and their implications for any future policy to be applied to applicable planning applications;
 - (ii) Note the key metrics as indicated within this report as being an indicative basis on which to prepare a draft Developer Contributions (Education) policy for Renfrewshire Council;
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3. Background

- 3.1 Developers (and other applicants for planning permission) are often expected to offset the impact of their proposed development by making contributions (including in kind and financial) to necessary social infrastructure in a local area or other local services.

These can include a range of contributions including financial sums to assist in meeting the increased number of school-age pupils which could be generated by building new housing in a particular community.

- 3.2 Another term for these contributions is “planning obligations” and they are usually entered into in accordance with Section 75 of Town and Country Planning (Scotland) Act 1997, as amended, and are commonly referred to as S75 Agreements. They are often used where a planning condition or another form of legal agreement would not be appropriate to address the impact of the development in question.
- 3.3 The principle of such planning obligations is guided by legislation which sets out that such agreements must meet a series of tests to be enforceable against the landowner – these include being necessary to make a proposal acceptable and reasonable in terms of scale in relation to the proposal in question. These tests are set out in Scottish Planning Circular 3/2012.
- 3.4 In Renfrewshire, the adopted Local Development Plan (LDP2; 2021) sets out a policy (policy I8) for developer contributions. This states:

Contributions will be sought for the following items to address infrastructure deficits and/ or a shortfall in infrastructure capacity that arise as a direct result of new development. Any contribution sought will be appropriate, proportionate, necessary and relevant to the nature of the development, its scale, and its location:

 - **Education** – additional classrooms and associated school facilities required to support the operation of a school, related to the number of pupils generated by the development;
- 3.5 Renfrewshire Council now intend to develop a more detailed set of policy guidance for planning applicants of new residential development. This new policy intends to offer specific guidance for all future housing development in the area that is yet to receive planning permission. This will be linked to individual school catchments and to individual housing sites already identified in LDP2 / Housing Land Audit and those yet to be identified.
- 3.6 It should be borne in mind that such a policy will make clear that contributions are intended to offset the impact of the new housing development and not to overcome other existing deficiencies that may exist in terms of school provision locally.
- 3.7 Subsequent policy guidance will be prepared for other developer contributions towards others community infrastructure. This current report deals with education contributions only.

4 Key metrics for new policy

- 4.1 In preparing a new policy of this type there are several key metrics that need to be agreed as the basis for any developer contributions.

These include:

- How many pupils are likely to be generated by new housing sites in Renfrewshire;
- How much capacity exists in each school / by catchment;
- Where will the additional housing demand come from (*the identified supply*);
- What would be a reasonable level of contribution to negotiate for each additional pupil generated by the new housing (above capacity thresholds);
- The scale of residential development site at which the developer contribution policy becomes applicable;

4.2 This report will examine each of these key metrics in turn and seek member consideration of the approach being followed by officers in the preparation of the draft policy regarding each.

Pupil Product Ratio (PPR)

4.3 To determine how many new pupils may arise from housing development in Renfrewshire officers have traced back over the last 10+ years of built housing and calculated the average number of pupils that attend local schools from these developments. This can be broken down to denominational and non-denominational schools and differentiated between primary and secondary education.

4.4 It is accepted that this assessment looks at the position as is (i.e. in 2023) as opposed to what it may have been when the housing was first occupied. Some households may have moved home, others will have moved into the area. However, this calculation is the most accurate available to estimate the likely pupils generated from a new housing development in Renfrewshire.

4.5 The draft policy will detail the results of the above research for Renfrewshire by school type. The intention is that these figures will be updated annually and reviewed to ensure they reflect the reality of the situation from new housing developments once occupied.

4.6 Consultants (Edge Analytics) are currently undertaking a piece of work for the Council looking at roll projections across the whole school estate. The outcomes of this analysis will feature in the new policy presented to Board in due course.

4.7 The pupil product ratios will show the average primary and secondary age children that would be expected to be generated for each new house or flat built in Renfrewshire. Although this may vary by specific location and development, officers consider it more expedient to have one ratio for flats in Renfrewshire by school type and one for houses by school type. The ratio for flats will be lower than that for houses.

- 4.8 Each planning application submitted is assessed on its individual components. In some cases the number and mix of housing types will be known at the submission stage, in others this will be indicative only. By applying a pupil per housing unit approach, we can ensure flexibility as circumstances of individual developments change or are varied at the detailed design stage.

Existing school capacity

- 4.9 In an ideal world housing development would take place where sufficient capacity exists to accommodate the predicted increase in pupil numbers at the local schools. However, this is unlikely to always be the case as school location tends to be relatively fixed, while new housing development depends on land availability, local demand, suitability for that purpose and deliverability.
- 4.10 The importance of identifying individual school capacity by catchment is that housing development in locations where sufficient capacity exists to accommodate the new pupils would not normally be expected to contribute financially to addressing this impact, as the capacity is already there. This equation changes when the capacity of a school will be breached following the development of the new housing.
- 4.11 The current school roll and capacity for each Renfrewshire school will be published online and updated annually. These figures will be available for the publication of a new policy on developer contributions and used as the agreed basis for the consideration of any planning application for residential development going forward.
- 4.12 The “notional capacity” of a typical Renfrewshire school is taken as 85% of its operating capacity. This 85% threshold is broadly consistent with other Scottish local authorities with similar policies. This is to allow for flexibility across the age groups of the additional pupils expected to be accommodated and to allow for requirements for general purpose rooms and ancillary space as the roll changes.
- 4.13 Each primary and secondary school in Renfrewshire will be placed into one of 3 categories based on its existing remaining capacity. This categorisation will allow all stakeholders to gain an appreciation of the current position for their school catchment. It is intended that this will be utilised for the purposes of the new developer contributions policy.
- eg.
- 85% or more
 - 75% to 84%
 - 74% or less

Identified housing land supply

- 4.14 The existing school capacities will be affected by planned housing development. The Council’s Housing Land Audit (published annually) lists all known housing sites, either under construction or with or without planning permission and includes all LDP2 allocated sites.

4.15 Using this information it is possible to predict potential changes in school capacities in future years, assuming housing is subsequently developed in expected format and timescale. In doing so it is important to realise that not all housing will be built in the same school year and that not all homes will immediately generate school age pupils. The identified housing land supply will form an integral part of any new policy for developer contributions in Renfrewshire.

Developer contribution levels

4.16 The new policy will set out the level of contribution sought in those cases where the notional capacity of the school will be breached by completion of the new housing.

4.17 Examining current practice across Scotland, some local authorities apply a per new housing unit calculation, some use an amount of contribution per additional pupil predicted in that school catchment. Renfrewshire's proposal is to use the latter, as this relates the specifics of the new pupils generated to the expected capacity available at the school concerned.

4.18 In calculating what the contribution should be (per new pupil generated) there are several factors to consider, including:

- Whether land is available to extend an existing school, or build a new school as required to meet demand;
- Evidence of recently built or planned schools in Renfrewshire and the construction costs associated with these;
- The impact of construction inflation on any set amount within a policy over time;
- The policies and approaches of other Scottish local authorities in this respect;
- Available information from other national sources of school construction costs;

4.19 In drafting the proposed new policy officers have sought evidence from several sources, including Scottish Futures Trust (SFT), HubCo (who are engaged on behalf of SFT in many new school projects across Scotland), other local authorities with similar policies. Examples have been drawn from other Scottish local authorities, however, very few of these have been approved in the last 2 or 3 years and therefore could be considered to be out-of-date.

4.20 The local context is best exemplified by the estimated gross costs for the new Paisley Grammar School construction, which is the most recent example we have in Renfrewshire. This predicts an approximate cost per pupil of more than £55,000. This can be compared with the current SFT metric which is below £30,000 per pupil for new school development.

- 4.21 Many Councils negotiate for a different level of contribution for secondary and primary schools (due to the difference in space requirements and layouts of both types of school) and it is likely that Renfrewshire will follow a similar approach.
- 4.22 Officer would suggest to members that contribution rates (whatever level is agreed in the new Renfrewshire policy) will need to be kept under regular review to allow for their revision as required. The contribution level itself would be subject to any changes in the BCI rates that are published on a regular basis. Construction inflation in recent years have demonstrated that costs can be extremely unpredictable for one year to the next. In the context of house building and enhanced school capacity these changes can be planned to be delivered some years in advance and therefore the scope for movement in predicted costs is greater the longer the timescale involved.

Scale of site

- 4.23 Another factor to be considered for the new policy is whether developer contributions should be sought from every planning application for new housing (where capacity threshold will be breached) or only for those above a certain scale. For example, some other Councils apply a threshold below which they do not expect contributions to be sought.
- 4.24 Based on existing pupil product ratios, a development of 5 new houses would generate approximately 2 new school pupils and a development of 10 homes would result in about 5 additional school age pupils. Clearly the policy approach taken could aim to apply this to even the smallest of housing sites. However, there are a few factors to be considered in reaching this decision:
- Renfrewshire does not get a large number of planning applications for sites of less than 10 dwellings and even fewer of less than 5 new homes (see Table 1);
 - If the Council are to seek to negotiate a Section 75 Agreement for smaller sites this will place an additional resource burden on officer time for smaller potential contributions;

Table 1: Renfrewshire Housing Land Audit; 2022

	Number of sites with capacity of 11 or more dwellings	Number of sites with capacity of 6-10 dwellings	Number of sites with capacity of 5 or less dwellings
Under construction	33	1	0
With planning permission	28	8	3
Allocated for housing (without permission to date)	46	4	5
Total	107	13	8

- 4.25 When considering smaller sites and any applicable threshold for a new policy, the issue of cumulative impact needs to be examined. Officers' current thinking is to suggest a threshold of 10 dwellings and above for the negotiation of developer contributions to mitigate education impact. However, this threshold would be caveated by an assessment of the cumulative impact of all identified housing land supply in that school catchment.

If the school's notional capacity (85%) is estimated to be breached (cumulatively) by all planned housing then contributions will be sought from all housing development in that catchment, regardless of the proposed number of dwellings or scale of the site. This is considered reasonable given that it will not be possible to specifically attribute the remaining school capacity to one planned housing development and will avoid cases of the last applicant having to meet a disproportionate share of any impact in that catchment.

5 Next Steps

- 5.1 Subject to members views on the suggested metrics outlined above, officers will prepare a draft new policy and bring this to Planning and Climate Change Policy Board for endorsement. The draft policy will then be published for a period of stakeholder consultation and the views expressed will be reported back to elected members.

Implications of the Report

1. **Financial** – Significant potential impact depending on the successful implementation of any new developer contributions policy.
2. **HR & Organisational Development** – Examination going forward of the additional resources required to negotiate planning obligations as a result of submitted / approved planning application.
3. **Community/Council Planning** –
 - *Our Renfrewshire is thriving* – The new developer contributions policy can assist in supporting new or enhanced community infrastructure (schools) in connection with new housing for pupils living in the local area;
 - *Building strong, safe, and resilient communities*: The policy can assist in the forward planning of education capacity requirements across Renfrewshire's varied communities and achieve positive education outcomes for our younger residents;
4. **Legal** – Likelihood of additional resource demand being placed on Council's Legal Team in terms of negotiating and confirming planning obligations for a larger number of planning applications.
5. **Property/Assets** – None.
6. **Information Technology** – None.

7. **Equality & Human Rights -**

- (a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.

8. **Health & Safety** – None.

9. **Procurement** – None.

10. **Risk** – None.

11. **Privacy Impact** – None.

12. **COSLA Policy Position** - None.

13. **Climate Risk** – None.

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