

**ANGUS COUNCIL**

**ANGUS COUNCIL – 10 SEPTEMBER 2015**

**POLICY PROCEDURES GUIDANCE ON DEVELOPER CONTRIBUTIONS TO MEET  
EDUCATIONAL REQUIREMENTS**

**REPORT BY MARGO WILLIAMSON, STRATEGIC DIRECTOR - PEOPLE**

**ABSTRACT**

This report proposes the adoption of guidance for assessing and calculating developer contributions to meet educational requirements arising from housing developments.

**1. RECOMMENDATIONS**

It is recommended that Angus Council:

- (i) approves the principles of the guidance outlined in section 5 of this report; and
- (ii) approves the adoption of the guidance until the Supplementary Guidance is prepared.

**2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/CORPORATE PLAN**

This report contributes to the following local outcomes contained within the Angus Community Plan and Single Outcome Agreement 2013-2016:

Our children and young people are confident individuals, effective contributors, successful learners and responsible citizens.

Our communities are developed in a sustainable manner.

**3. BACKGROUND**

3.1 When an application for a housing development is being considered, one of the factors that the Council is required to assess is the impact on infrastructure including local education provision. Developers can be asked to make a contribution to the capital cost of adapting existing schools or building new schools. The Council is responsible for any ongoing revenue budget consequences.

3.2 One of the mechanisms for securing such contributions is provided by Section 75 of the Planning etc. (Scotland) Act 2006 and advice regarding the use of these arrangements is covered by Scottish Government Circular 3/2012 'Planning Obligations and Good Neighbour Agreements'.

3.3 Developer Contributions in Angus have been required and received for many years in appropriate circumstances as a contribution to educational infrastructure.

**4. CURRENT POSITION**

4.1 The Angus Local Plan Review (adopted 2009) includes Policy Imp1: Developer Contributions which states that, "Developer contributions will be required in appropriate circumstances towards the cost of public services, community facilities and infrastructure and the mitigation of adverse environmental impacts that would not have been necessary but for the development. Such contributions will be consistent with the scale and effect of the development and may relate to both on site and off site items that are required to produce an

acceptable development in the public interest.” Also, TAYplan Policy 8 provides for developer contributions and specifically mentions contributions towards schools.

- 4.2 This policy has been implemented since its adoption in 2009 with the details of the specific requirements being determined on a case by case basis. The Proposed Angus Local Development Plan agreed at the December meeting of Angus Council (Report 501/14 refers), will, when adopted replace the current Angus Local Plan Review. The Proposed Plan includes Policy DS5 Developer Contributions which states that Supplementary Guidance will be produced which will set out how the developer contributions policy will be implemented: including the levels of contribution required or methodologies for their calculation. The supplementary guidance will be prepared in early 2016 and will be the subject of public consultation. In line with legislation, the Supplementary Guidance will be adopted as soon as practicable following adoption of the Angus Local Development Plan. As set out in the 2015 Development Plan Scheme, it is anticipated that the Angus Local Development Plan will be adopted in September / October 2016.
- 4.3 This report proposes the adoption of guidance that will ensure that educational requirements are identified in a consistent manner and that developers will be aware of the potential implications as early as possible in the planning process. If agreed, the guidance proposed by this report should be used until such time as the Supplementary Guidance specified in Policy DS5 Developer Contributions of the Angus Local Development Plan is adopted by the Council. In preparing the Supplementary Guidance document, the Council will review and assess approaches to calculating all developer requirements including appropriate thresholds and exemptions. The assumptions included within the Supplementary Guidance document will be subject to regular review.

## **5. PROPOSALS**

### Identifying the need for a developer contribution

- 5.1 The need for a developer contribution will be assessed where a capacity constraint is identified for the local (catchment) schools. This applies to primary and secondary school provision.
- 5.2 In Angus, we consider that there is a risk of a capacity constraint arising when a school is operating at 80% of its planning capacity. At this stage we assess the projected cumulative demand from all planned developments in the catchment area to determine if a developer contribution may be required.
- 5.3 Identifying that a capacity constraint exists, or would be created if the development proceeds, does not automatically trigger a request for a developer contribution. When the likely impact has been assessed, alternative solutions will be explored (for example, redefining catchment areas).

### Assessing the impact of housing developments

- 5.4 The potential impact of housing developments will be assessed using a formula to ensure that there is a consistent approach.
- 5.5 Based on a national benchmark, we assess that each additional new home will lead to increased demand equating to 0.4 pupils. In Angus we assume that this will result in 0.23 primary school pupils and 0.17 secondary school pupils.
- 5.6 Some types of accommodation will be excluded from the assessment of impact where it is unlikely that children will live. This includes sheltered housing for older people, student accommodation, all properties with only one bedroom and self-build developments i.e. where a single house is being built for personal use by the individual developer.

### Calculating the financial value of a developer contribution

- 5.7 Where it is assessed that a developer contribution is required, the following formulae will be applied:

Table 1 – calculation of developer contributions

	Primary	Secondary	Source of information
Average square metre per child	10m <sup>2</sup>	12m <sup>2</sup>	Based on guidance from the Scottish Futures Trust
Capital cost per square metre	£2,500	£2,500	This is a local rate derived from guidance from the Scottish Futures Trust and our recent experience of school building contracts in Angus.
Capital cost per child	£25,000	£30,000	
Estimated number of children per house	0.23	0.17	Local experience as described in paragraph 5.5 above
Developer contribution per eligible house	£5,750	£5,100	

- 5.8 The values calculated in Table 1 will be applied to all eligible homes in the development. Eligible homes will exclude the categories listed in paragraph 5.6. A developer may be asked for a contribution towards primary school provision only, or secondary school provision only or both depending on the capacity issues in the relevant schools.
- 5.9 It is also proposed that we will not seek a developer contribution in respect of affordable housing, to support the Council policy of extending the availability of such housing. Additionally, contributions will not be sought where a listed building is being developed, due to the increased costs associated with adapting such properties.
- 5.10 To support smaller scale developments, we will consider projects for less than 10 houses on a case by case basis. Wherever possible, we will seek to avoid developer contributions, however we will need to take account of their cumulative impact.
- 5.11 Developers are expected to take account of the likely contribution when they are financially appraising their project. However, it is acknowledged that in some situations the developer contribution may make the project unviable from a financial perspective. In such cases the developer will require to explain and quantify the scale of the financial issue by preparing a 'Development Viability Statement'.
- 5.12 The Development Viability Statement will set out the project costs in detail along with the anticipated income from the development and indicate the profit level on the project. Given the commercial sensitivity of this information, these statements will only be available to officials within the planning and finance functions of the Council. If, following assessment of the information provided, a reduced contribution is deemed to be acceptable, this will be recommended to the Development Standards Committee. It should be noted that any reduction in contribution from the developer is likely to increase the funding that the Council will need to provide.
- 5.13 Information from the Development Viability Statement may require clarification through an independent source. This will require the prior agreement of the developer. If the statement is subject to a Freedom of Information request, the Council will consult with the developer regarding whether the statement or any part of it should be withheld on the grounds of commercial prejudice. However, the council will determine whether such a test is met.
- 5.14 It is envisaged that the submission of Development Viability Statements will only happen in exceptional circumstances.
- Payment schedules and managing the funds
- 5.15 Each developer contribution will have a planning obligation agreement relating to the specifics of the development. However, the following general principles are proposed.
- 5.16 Payments will be made in respect of completed houses. For larger developments this will normally be quarterly in arrears. For smaller developments appropriate phasing will be required.

- 5.17 Money received will be held in appropriate, auditable accounts. Interest accruing from sums held will be used to support the capital costs or will be returned to the developer (see paragraph 5.18 below).
- 5.18 All money received with appropriate interest will be returned to the developer if Angus Council does not legally commit to developing educational infrastructure by five years after receipt of the final, planned payment.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 The proposals contained in this report may lead to additional income in respect of developer contributions, where this is required. These sums will be reported as part of the planning approval process and will be held until such time as the funds are drawn down to fund the required school improvements. The use of these resources will be reported to the appropriate committee as projects are developed.
- 6.2 Without any contribution from developers, the capital costs of adapting the educational infrastructure to accommodate increased demand will fall entirely to Angus Council.

**NOTE:** The background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) which were relied on to any material extent in preparing the above report are:

- Angus Local Plan Review 2009
- Proposed Angus Local Development Plan (December 2014)
- Report 501/14 Proposed Angus Local Development Plan, Angus Council, 11 December 2014.
- Angus Development Plan Scheme (Revised March 2015)
- Scottish Government Circular 3/2012 'Planning Obligations and Good Neighbour Agreements'

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