

## Report to the Cabinet

Meeting to be held on Thursday, 3 September 2020

### Report of the Head of Service – Asset Management

**Part I**

Electoral Division affected:  
(All Divisions);

### Education Contribution Methodology

(Appendix 'A' refers)

Contact for further information:

Ben Terry, Tel: 01772 531774, School Planning Principal,  
ben.terry@lancashire.gov.uk

#### Executive Summary

This report proposes an update to the county council's Education Contribution Methodology which has been in place since May 2016. The methodology details the process followed by the county council to secure education contributions to mitigate the impact of housing development on school place provision.

The Education Contribution Methodology forms part of the county council's Planning Obligations in Lancashire Policy.

In April 2019 (revised November 2019) the Department for Education published new guidance relating to securing contributions from housing development for education. This update of the county council's Education Contribution Methodology reflects this latest guidance.

This is deemed to be a Key Decision and the provisions of Standing Order C19 have been complied with.

#### Recommendation

Cabinet is asked to approve the adoption of the Education Contribution Methodology, as set out at Appendix 'A'.

#### Background and Advice

The Education Contribution Methodology forms part of the county council's Planning Obligations in Lancashire Policy, which was initially adopted in 2006. The Education Contribution Methodology was adopted in 2008, with revised methodologies adopted in 2011, 2013 and 2016. Updates of the methodology are also carried out annually to

reflect the latest costs per place. The latest full review of the methodology was carried out in 2016 and this update was approved by Cabinet. ([September 2016 Cabinet Report](#)).

The School Planning Team currently seeks education contributions from housing developers in order to mitigate the impact of housing development on mainstream school places.

The education contributions are determined by identifying the pupil yield of a development and applying a pupil cost per place formula to calculate the level of contribution. The methodology for calculating housing developer contributions is detailed in [the county council's adopted Education Contribution Methodology May 2016 \(April 2020 Revision\)](#).

In April 2019, (revised in November 2019) the Department for Education published '[Securing developer contributions for education](#)' providing guidance to local authorities about how to calculate developer contributions towards education provision, including details of costs per pupil place to be used and clarification regarding new school site requirements. This is the first formal guidance that has been provided by the Department for Education in terms of the mechanism to be applied when determining the impact of a housing development on school place provision. It was necessary to update the county council's methodology to reflect the latest guidance in order to maximise the opportunity to secure developer contributions.

This revision also provides greater clarity and transparency in terms of the process followed to secure education contributions and what steps could be taken should an application not provide the identified education contribution to mitigate the impact of a housing development.

Detail of the main changes in the methodology are:

#### Cost per Place

The Department for Education guidance proposed that the cost per place sought from housing developers should be based on national average, as published in the annual Department for Education Local Authority Scorecard, adjusted by a regional location factor.

The amendment of the cost per place formula will result in a change to the primary and secondary costs per place sought, with the primary cost per place increasing and the secondary cost per place reducing. The change is detailed in the table below:

	May 2016 Costs	Permanent Expansion Cost Per Place, as per DfE Guidance	Difference per place
Primary	£16,645.01	£17,268	+£622.99
Secondary	£25,080.90	£23,775	-£1,305.90

The Department for Education guidance also allows for a specific New Build cost per place to be applied, where additional places will be provided through the establishment of a new school instead of through school expansion. This represents a further change to Lancashire's methodology, with New Build costs included as follows:

	New Build Costs
Primary	£20,508
Secondary	£24,929

In line with the existing approach BCIS All-In-Tender Price Indexation will be applied to all contributions at the point of payment to take into account indexation. This approach is in line with the Department for Education guidance.

### **New School Site**

In addition to providing an alternative cost per place for places to be provided at a new school, the Department for Education guidance also provides specific guidance for the first time regarding the provision of a new school site, including the expectation that new school sites will be provided on a peppercorn basis; that there is an initial assumption that both land and construction costs will be provided; and that land required within larger development sites is provided at no cost to the local authority wherever possible.

The school site section of the methodology has also been revised to state that in certain circumstances additional land may need to be sought to accommodate Special Educational Needs, early years and Post-16 provision.

An ongoing challenge for the county council has been how to secure a school site where the need for a new school is generated through a number of individual planning applications rather than as a result of one large scale application. Local planning authorities and developers could argue that each planning application should be considered on its individual merit and therefore the school site requirement cannot be justified. The Department for Education guidance advises that land equalisation approaches can be used in order to address this challenge and to ensure that the development 'hosting' a new school is not disadvantaged. The new methodology states that where a number of small developments come forward in an area with an aggregated requirement for a new school, there could be a requirement to provide a contribution towards the cost of the school site land, proportionate to the size of their development.

### **Contributions for Special Education Needs, Early Years and Post-16**

The Department for Education guidance makes specific reference to the potential to seek housing developer contributions towards special educational needs, early years and post-16 provision, should there be evidence that the impact of a development has resulted in a shortfall of these places. The updated methodology allows for the council to develop an assessment process and pupil yield evidence base, to allow these contributions to be sought. It should be noted that, as viability is an issue for

many local planning authority areas, it is uncertain whether introducing additional contribution requests would deliver a net increase in overall education contributions. However, it is important that the section is included to maintain this opportunity.

### **Clarity of roles of the Local Planning Authority and the Education Authority**

Greater clarification of expected roles and responsibilities includes identifying new school site locations during local plan engagement and confirming that land and construction contribution arrangements have been established.

### **Infrastructure Project Naming**

In order to secure education contributions, the Community Infrastructure Levy legislation required the county council to identify, at the point a planning decision is made, a specific school infrastructure project, where each primary and secondary education contribution would be spent. This naming is required as part of the application process. This has been a risk for the council as it is not possible to determine where a school expansion will be delivered so far in advance, as this is subject to many variables. Significant issues being a school's commitment to expand (which could change over time), site feasibility study requirement, and statutory consultation responsibilities. The Department for Education guidance recommends naming two infrastructure projects within a planning obligation, a 'preferred' and a 'contingency' project, which will allow the authority to respond to changing circumstances.

### **Garden Communities**

Specific Department for Education guidance has been published regarding seeking education contributions to address the impact of Garden Communities on school place provision, [Education provision in garden communities – April 2019](#). The guidance advises that these developments may be self-contained and sustainable settlements where the infrastructure needs of residents, including school provision, is provided on site.

### **Forward Funding of Projects**

The revised methodology explains that on some occasions it may be necessary for the council to forward fund projects using Basic Need funding, as a last resort as Basic Need Grant is intended to be used for birth-led growth. In such circumstances education funding would be sought retrospectively through Section 106 or Community Infrastructure Levy contributions.

### **The approach to applications where an education contribution is not supported**

Clarification has been provided of what actions the county council may take should the local planning authority recommend approval of a planning application without an education contribution, where the housing development is expected to result in a shortfall of school places. In such circumstances an application would be considered

unsustainable in that it is not mitigating its impact on school place infrastructure, and the council would submit an objection to the planning application.

### **Recommendation**

The key aspect of the latest update is that it is fully in line with the Department for Education's guidance, and this is likely to reduce the level of developer and district challenge that the county council receives. The School Planning Team believes that the revisions detailed above will enable Lancashire County Council to maximise contribution opportunities, as housing developers should become used to using the same system nationwide and local authorities will have confidence that Lancashire's methodology is in line with Government guidance. It is for this reason that Cabinet is recommended to approve the adoption of the Education Contribution Methodology – September 2020.

### **Consultations**

N/A

### **Implications:**

The key implications are that the pupil cost per place used for education contributions will change and the council's guidance will be in line with the Department for Education's guidance.

### **Risk management**

Failure to adopt government guidance could result in the level of support currently received from local planning authorities reducing, which in turn may negatively impact on the level of the education contributions received and the ability to secure a cost effective site for a new school where required.

The county council currently receives a substantial level of challenge to the education contributions it seeks from both housing developers and local planning authorities and this is likely to increase should the methodology not be revised in line with government guidance.

It is noted that the Government is currently consulting on reform to the Planning system but the need to update the methodology is required prior to the outcome of this review.

### **Financial**

It should be noted that the revised costs per place introduced within the methodology do equate to a potential shortfall in terms of secondary school places. The secondary permanent expansion cost per place would be a reduction of £1,305.90 per place and the secondary new build cost per place would be a reduction of £151.90. In comparison the primary costs per place would be an increase of £622.99 for permanent expansion and an increase of £3,862.99 for new build expansion.

## **Legal**

There is a risk of legal challenge at public inquiry if the county council's education contribution requirements are not in line with Department for Education guidance, with significant resource implications.

### **List of Background Papers**

Paper	Date	Contact/Tel
-------	------	-------------

None

Reason for inclusion in Part II, if appropriate

N/A