

**Surrey Planning Collaboration Project 2006  
Surrey Heath Borough Council**

**Planning Obligations and Infrastructure Provision Code of Practice**

**Basis for Calculating Formulae and Standard Charges**

**1 Introduction**

- 1.1 Developer contributions are currently secured in relation to large-scale development. However, in response to government advice to re-develop brown field sites and at higher densities (particularly housing) the development industry has delivered developments which have more intensive infrastructure generating characteristics per unit of land. Although many of these developments are small in scale the cumulative effect represents a discernable net increase in the demands on already stretched local infrastructure. The use of standard tariffs and charges in the Surrey Code is designed in accordance with the ODPM circular 05/2005 - Planning Obligations, and primarily seeks to address the collective impact of these small-scale developments on local infrastructure.
- 1.2 Using the variable of land use occupancy levels, and a baseline access supplement, the method provides a mechanism to calculate the appropriate level of developer contribution for a range of developments. This approach has been successfully applied elsewhere within the South East region and has been endorsed in principle by the Government Office for South East (GOSE). More details including the current tariff levels are set out in the main Code of Practice.

**2 Land Use Occupancy Levels**

- 2.1.1 The calculation of the charge is based on the unique parameters of a particular development and so the following table sets out the land use occupancy levels to be used in quantifying the amount of travel associated with new residential and commercial development. To determine a net change in demand for infrastructure, the existing demand associated with a site's lawful use will be calculated also using the occupancy levels set out in the table below. All occupancy figures will be reviewed and, where necessary, amended to reflect the most current relevant data available.

<b>Housing Unit</b>	<b>Occupancy</b>
1 bed	1.31
2 bed	1.76
3 bed	2.51
4 bed	2.86
5 beds or more	3.73
<b>Land Use</b>	<b>Sqm per worker</b>
Retailing	34.4
Financial/professional services	15
Restaurant or Pub	31.6
Offices	16.4
Research and Development	67

Light Industrial	37.5
Manufacturing	33.1
Storage and Distribution	46.2
Community services	14.6
Leisure	25.4

Table 1 - Land Use Occupancy Levels

Source: Survey of occupiers of new houses in Surrey 1997 - 1999

Source: New Businesses in Surrey 2001 & Use of Business Space and Changing Working Practices in the South East May 2004.

- 2.2 Even when using this method, it is likely that contributions will fall below the full infrastructure costs of providing for the new population or workers (particularly as affordable housing is exempt - see 3.2 below). Therefore, on those rare occasions where there is a net reduction in occupancy or workers, the Council will not be expected to pay developers because of this.
- 2.3 Work in this area is ongoing, and during the preparation of the Code a revised Implementation Plan for the draft South East Plan was published as part of the submission to the Examination in Public. Annexe 4 to that Implementation Plan sets out detailed costs for a number of functions.
- 2.4 It should be noted that the costs proposed per person are significantly higher than those proposed in the Surrey Code, but that the suggested occupancy rates are lower, as they have been averaged out across the whole region and reflect falling household sizes. Nevertheless, overall the charges per equivalent development would be higher using the SE Plan figures. This work will therefore be fed into the review of the occupancy and tariff levels in the Surrey Code at the earliest opportunity

### **3 Exemptions**

- 3.1 The proposed tariff is designed primarily to address the cumulative impacts of small-scale residential and commercial developments that will be granted permission the future. The tariff would not be applied to any house extension. Neither would it apply to any commercial extension that is below the relevant area per standard worker set out in the above table.
- 3.2 The tariff would also not be applied to Affordable Housing, as defined in PPS 3, in order not to discourage the provision of this essential facility. This normally amounts to some 20-40% of total housing delivery in any particular district, so the resulting income from the code is correspondingly below that which would otherwise be received. This both acts as an encouragement to the delivery of affordable housing and avoids the criticism that any charge for such may be too high. If a developer chooses to provide 100% affordable housing on a site, the tariff payable under this code would be zero. Certain specialist types of housing such as housing specifically restricted to occupation by the elderly would also be exempt from some parts of the tariff, for example education and play space contributions (see below). Similar exemptions would be applied to workers in commercial developments.
- 3.3 For larger developments the level of developer contribution shall continue to be negotiated on a site-by-site basis, as there may be benefits in on-site provision

rather than financial contribution to enhancements elsewhere. However the Tariff method can be applied to these developments to determine a minimum level of provision with any additional infrastructure or services negotiated on a site-specific basis.

#### **4 Education (Surrey Heath Borough Council do not apply the education tariff)**

##### **4.1 Introduction**

- 4.1.1 Section 106 of the Town & Country Planning Act 1990 allows for requests for voluntary contributions to mitigate the effects of developments S 106 requests. ODPM circular 05/2005 gives guidance on such requests. Developer contributions to Education Infrastructure are currently requested for large-scale developments. Historically, it may be the case that some requests may not have been made even though there was a need to mitigate the effect of the children yielded by a development.
- 4.1.2 More recently, Government guidance for developments to be of higher density and the tendency to develop brown field sites have led to a significant number of developments that have not attracted S 106 contributions. Circular 05/2005 B21 notes that the cumulative effect of developments should be mitigated, along with B22 stating that a discrete piece of infrastructure does not need to be required to justify a request for a contribution. Such developments, therefore, apply pressure on educational infrastructure and their effect should be mitigated.
- 4.1.3 The Tariff approach, recommended in Circular 05/2005 B33, would be beneficial as it is transparent and simple. Owing to its simplicity, its administration will result in lower costs to developers than would otherwise be the case were the contributions to be negotiated individually.

##### **4.2 Trends in Births in Surrey**

- 4.2.1 The downward trend in births some years ago led to a decline in the school population. This led to various Reviews of School Provision owing to increases in surplus places in schools. The Surrey births declined until a minimum in 2002, but have recovered since then. Birth rate over a larger area, however, is not necessarily a predictor of birth rate in a local area
- 4.2.2 There is geographic variation in the distribution in births. When the statistics are aggregated, it hides local fluctuations in births. For example, Surrey Heath and Epsom and Ewell had a minimum number of births in 2001, whereas in Guildford and Spelthorne the births were higher in 2001 than 2002. Such fluctuations also happen at Ward level. Therefore, birth rate over a district/borough is not necessarily a predictor of birth rate in a local area. However, as noted below, even if there were a surplus of school places in a locality, there would still be pressure on school places in a wider area.
- 4.2.3 There are many areas in Surrey where the number of births has increased. This is leading to an increased number of pupils subsequently attending schools, increasing pressure on schools generally and particularly on more popular schools.

### **4.3 Factors affecting pressure on Education Infrastructure**

- 4.3.1 The need for S106 contributions is based on the fact that when new dwellings are built, there will be a certain number of children who live in them - they will yield extra pupils who will attend maintained schools in Surrey. The *Education Act 1996 S14* places a duty on Local Authorities to secure that schools are sufficient in number, character and equipment to provide for all pupils the opportunity of appropriate education. Thus effect of these extra pupils needs to be mitigated. Therefore, there is a need to provide additional infrastructure for these pupils, hence the request for S106 contributions in line with to *Circular 05/2005 B3* and *B15*.
- 4.3.2 Pressure is not applied evenly on all schools. In a local area there may be particularly popular schools and one or two unpopular schools. Section 86 of the *School Standards and Framework Act 1998* places a duty on Local Authorities to enable the expression of parental preference as to the school at which they wish education to be provided for their child. S 86 places a further duty to comply with any preference expressed provided compliance with the preference would not prejudice the provision of efficient education or the efficient use of resources. Parents/carers will invariably apply for the popular schools and not for the unpopular schools. Therefore, even if there were an overall surplus of school places in a local area, pressure would be applied to the popular schools by pupils yielded by a development, and this effect needs to be mitigated.
- 4.3.3 Pressure is not necessarily even across a phase of education. In the primary phase there is Foundation Stage and Key Stage 1 (Infant) and Key Stage 2 (Junior) provision. In most cases the Foundation Stage and Key Stage 1 provision is provided at the same location. In many locations there is separate infant and junior provision. It is not unusual for the places available and/or the demand to be different at different Key Stages within the same area. Therefore, it is entirely possible for pressure to be applied on either one of Infant or Junior places in a locality and not the other.
- 4.3.4 Unbalanced demand between schools can be exacerbated by an influx of families yielded by a development. Parental preference is modified by the expectation of successfully obtaining a school place, increasing pressure on different schools.
- 4.3.5 There are circumstances where a school is not full, but the educational infrastructure available is sufficient only for the pupils in the school. Were additional pupils to be yielded by a development, their admission would exacerbate the situation and would prejudice the education of the children already in the school. This effect would need to be mitigated. The additional pupils may trigger the need for substantial re-provisioning of the infrastructure in order to accommodate larger groups of children, and the existing deficiencies would not need to have been resolved but for the additional pupils.
- 4.3.6 On occasion pupils are admitted to schools subsequent to an Appeal carried out according to S 94 of the *School Standards and Framework Act 1998*. The Independent Appeal Panel weighs the prejudice to the efficient education that may be provided in the school against the needs of the pupil. A pupil may, therefore, be admitted despite deficiency of infrastructure in a school and the admission of additional pupils on Appeal does not mean there is no need to mitigate the effect of additional pupils yielded by developments.

4.3.7 There may be circumstances where low demand for school places has necessitated a school re-organisation, which may include removal of school provision. The re-provisioning will incur capital costs. Once a decision has been determined on the basis of existing pupil, then it must be enacted. Therefore an existing deficiency in strategic educational provision will have been resolved prior to subsequent developments. Any new pupils yielded by developments after this point will apply pressure on education infrastructure notwithstanding that the education provision had previously been reduced.

#### 4.4 True cost compared with S 106 Contributions

4.4.1 Surrey uses a formula to calculate S106 contributions to Education. The Tariff is based upon this S106 Education Formula (see 4.4.5.2 below).

4.4.2 It is customary to multiply the pupil yield by a DfES Cost Multiplier. This Cost Multiplier does not reflect the true cost of providing education provision. DfES Statutory Building Guidance, such as BB93 *Acoustic Design of Schools*, for example, place increased standards on building requirements. Therefore, the contributions requested are still below that which is fairly related in scale to the effect of developments.

4.4.3 Within the number of pupil yielded by a development, a proportion would have disabilities. The *Disability Discrimination Act 2005* inserts S 21 B into the *Disability Discrimination Act 1995* which makes it unlawful for a public authority to discriminate against a disabled person in carrying out its functions. S21 E places a duty on Local Authorities to make reasonable adjustments to allow pupils with disabilities to access services. The additional costs to fulfill these duties have not been included in the size of contributions requested, further lowering them below that which is fairly related in scale to the effect of developments.

#### 4.5 The Education Tariff

4.5.1 The contribution per occupant for education is as in the table below:

Phase	Contribution per Occupant
Primary	£1,285
Secondary	£1,414
Post 16	£0
Total	£2,699

4.5.2 Methodology to obtain the Education Tariff Figures

The Education Tariff is based on the S106 Education Formula. The S106 Education Formula uses the numbers of pupils yielded by a new development. This is obtained from a fraction called the pupil yield. Pupil yield is the average number of children yielded by new dwellings of 2 or more bedrooms. This is as in the table below:

Phase	Pupil Yield	DfES Build Cost	DfES Location Factor	Total Build Cost
Primary	0.25	£10,372	1.14	£11,824
Secondary	0.18	£15,848	1.14	£18,067
Post 16	0	£17,013	1.14	£19,395

N.B. No contribution is requested for post 16

4.5.3 The method of calculating S106 Education Contributions involves 4 factors:

**Phase, Pupil Yield, DfES Build Cost and DfES Location Factor**

4.5.4 Phase

The Phase is Primary or Secondary. At present no contribution is requested for post 16 or nursery aged children, even though new dwellings do yield such children, putting a pressure on educational infrastructure.

4.5.5 Pupil Yield

Pupil yield is the average number of children yielded by new dwellings of 2 or more bedrooms. The old Education formula used a yield per age group and this was then multiplied by the number of years in a phase (7 yrs for primary and 5 years for secondary).

4.5.6 DfES Build Cost

The DfES Build Cost is a figure provided by the DfES which is meant to represent the capital cost of providing a small place. It is worth noting that this figure is considerably below the actual figure required per place when building schools to the latest building regulations. However, it is a standard published figure.

4.5.7 DfES Location Factor

The DfES Location Factor is a scaling factor that recognises that some parts of the country are more expensive than others.

4.5.8 The S106 Education Formula assumes an average yield for all dwellings of 2 or more bedrooms. The new Tariff uses occupancy. The tariff figures have been calculated so that the same average contribution would be obtained either through the S106 Education Formula, or through the Tariff. The methodology was as follows:

- The S106 requests for 2005-06 were analysed
- the fraction of each number of bedrooms was calculated
- a Yield Ratio was calculated such that when Occupancy is multiplied by the yield ratio, the same average Pupil Yield for that number of dwellings is achieved
- to simplify the formula, a Contribution per Occupant figure is calculated so that the same average S106 contribution is obtained through the Tariff as would be obtained through the new Education Formula

4.5.9 Thus the following figures were obtained:

<b>Phase</b>	<b>Yield Ratio</b>	<b>Contribution per Occupant</b>
Primary	0.11	£1,285
Secondary	0/085	£1,414
Post 16	0	£0

4.5.10 Therefore, the S106 Code of Practice Education Tariff Figures are necessary, directly related to the proposed developments and fairly and reasonably related in scale.

## **5 Transport**

5.1 The impact of a development on the highway infrastructure can be quantified by determining the total travel generated by a particular land use. The Transportation Element of the tariff seeks to secure improved accessibility by all modes and to mitigate the impact of those accessing development by car. It is based on the principle that developers can reasonably be expected to plan a site so as to mitigate against new travel demands to a level which is proportionate to that currently expended by Surrey County Council on managing existing travel demands.

### Calculation of Baseline

5.2 Given the complex nature of travel demand (which include variables such as trip lengths, trip chaining, trip timings, trip frequencies and mode choice values), the level of impact placed on the transportation infrastructure can only be made by approximation. To this end, the following process has been used to derive a baseline charge, which represents an approximation of the financial burden that is placed on the transport infrastructure by an additional movement. This baseline value is adjusted within the formula on the basis of land use occupancy, to produce a site-specific level of developer contributions.

5.3 The baseline charge is calculated by dividing Surrey County Council's current annual expenditure on transport' by the existing Surrey related travel demand <sup>2</sup>. This produces a value of £28.10 per year per daily trip. Within cost benefit analysis of road schemes a typical design life of 25 years is used in such calculations. On this basis, the value of accommodating an additional trip on the network over an impact/design-life period of 25 years (assuming a year-on-year inflation value of 3%) produces a baseline impact supplement of approximately £1,025 over a period of 25 years. This baseline calculation will be reviewed on an annual basis.

5.4 As an incentive towards locating development in a more highly accessible central area, a differential of plus or minus 30% has been applied to the baseline cost per trip, derived from the location of the proposed development.

5.5 Therefore, a contribution per occupant/worker of £1,333 (£1,025 + 30%) will be sought outside of defined town centre areas (as set out in Local Plans and evolving LDF's) and a contribution per occupant/worker of £718 (£1,025 - 30%) will be sought for developments inside a defined town centre area (See Appendix A). The lower unit cost per occupant/worker associated with those sites within town centres will encourage the development of sustainable sites at higher densities, so reflecting the emphasis on achieving the greatest degree of access by public transport, walking and cycling. This lower unit cost value placed on a town centre site provides a strong incentive for developers to focus development in accessible locations where more emphasis is placed on lower parking provision and less car dependence.

## Application of the Transport Impact Supplement

### Residential:

- 5.6 The following table sets out worked examples of the Transport Element of the tariff, which is dependent upon occupancy and whether or not the site is in a defined town centre.

<b>Devpt</b>	<b>Occpny</b>	<b>Transport Element of the Tariff for defined town centres sites</b>	<b>Transport Element of the Tariff for non-town centre sites</b>
1 bed unit	1.31	1.31 x £718 = £941	1.31 x £1333 = £1746
2 bed unit	1.76	1.76 x £718 = £1264	1.76 x £1333 = £2346
3 bed unit	2.51	2.51 x £718 = £1802	2.51 x £1333 = £3346
4 bed unit	2.86	2.86 x £718 = £2053	2.86 x £1333 = £3812
4+ bed unit	3.73	3.73 x £718 = 2678	3.73 x £1333 = £4972

- 5.7 The development of smaller units will generate less demand for movement and so will be required to make a lower level of contribution. For example, contributions from 1 bed units in a town centre will be £941 per unit whilst contributions from a three bed unit outside the defined town centre will be £3,346 per unit. These differential charges reflect the likely variations in car parking between the size and location of the units, and therefore demand upon the transport infrastructure. It should be noted that the Transport element of the Tariff will be sought in addition to any specific access improvements (that also include the costs of licence fees, deposits and bonds), deemed necessary for a particular development, and any costs associated with a travel plan for a particular development.

- 5.8 Commercial

The calculation for commercial developments is simply based upon the standard occupancy rates as set out in table 1 and these are then multiplied by the appropriate contribution per worker dependent upon location, as set out in paragraph 5.5 above.

## **6 Libraries**

- 6.1 Public libraries are at the heart of communities, providing free access to books, information and IT as well as opportunities for learning. As a statutory service, local authorities must ensure that their libraries meet national standards and provide the quality of services people need and expect. The existing pattern of libraries will need to expand and adapt to serve the needs of the new population. Existing provision will need to be enhanced or upgraded, and new outlets (often in joint service centres with other community services) will be required.
- 6.2 Museums Libraries and Archives South East is a regional body that is co-ordinating the South East Public Library Tariff. This is already being collected by a number of authorities and the intention is that it should be rolled out nationally in 2007.
- 6.3 The MLA tariff is £92 per additional person or worker, made up as follows:
- A minimum standard of 30 sqm of new library space per 1,000 population
  - A construction and initial equipment cost of £3,071 per square metre.

- No cost for land purchase is included.

6.4 This is a minimum tariff calculated to accommodate a suite of enhancements to the library service across the County. On larger town centre developments where specific provision is needed the contribution may need to be calculated at a higher rate. It is recommended that in these cases the developer discuss the requirements with the County Council.

## **7 Equipped Playspace**

7.1 The provision of children's playspace is recognised in PPS3 as being important to ensure that the needs of children are taken into account. It stresses the importance of good provision, including both play areas and informal play space. New housing should provide, or enable good access to, community and green and open amenity and recreational space (including play space).

7.2 Through the LDF process audits of existing open space, sports and recreation facilities generally, together with their use and location are being undertaken. This will allow each authority to identify specific needs and deficits or surpluses in provision, and tailor contributions to provide additional facilities needed to cope with additional population.

7.3 In the meantime it is necessary to rely on the National Playing Fields Association standards and to ensure that funds are collected for those areas where there is clearly a need already. The standards are as follows:

Youth and Adult (includes public and private pitches, greens, courts, athletics tracks, training areas etc.) 1.6ha per 1,000 population

Children's Play Space 0.3ha per 1,000 population for equipped play space  
0.5ha per 1,000 population for casual play space

7.4 In Surrey Heath, depending on the locality there is currently either a surplus or deficit of youth, adult and casual children's play space. However, there is an overall shortage of equipped children's play space across the Borough.

7.5 The cost of providing an equipped play space currently averages £192 per square metre. No cost for land purchase is included. Using the above standard of 0.3ha per 1,000 population, there would need to be the provision of 3 sqm of equipped play space per additional person. This would result in a tariff per additional person of £576.

7.6 On larger sites the proposals should be discussed with the Borough Council because onsite provision in lieu of a contribution will normally be preferred. On all schemes no charge would be made for dwellings specifically reserved for the elderly, as they are regarded as unlikely to have children needing playspace..

## **8 Community Facilities**

8.1 For this purpose Community facilities covers district services such as day centres, youth centres, museums, public halls, indoor leisure facilities etc.

8.2 In a similar vein to library provision the existing pattern of facilities will need to expand and adapt to serve the needs of the new population. Existing provision

will need to be enhanced or upgraded, and new facilities (often in joint service centres with other community services) will be required.

- 8.3 Cost of provision would vary according to the type of facility, but to enable a standard charge to be levied a conservative estimate of £150,000 per 1,000 population will be used. This is similar to the level used elsewhere (e.g. Windsor and Maidenhead) and derives from the cost (excluding land purchase) of providing a new facility (for a minimum threshold of 2000 population) of £300,000. The resulting tariff per additional person would be £150.

## **9 Recycling**

- 9.1 Waste collection and recycling comprises a substantial part of each district council's function. The costs of these services are generally borne by government grant and Council-tax payers, with new occupiers covering the revenue cost of additional provision for new housing.
- 9.2 However, each year specific one-off capital costs are borne for the additional facilities necessary to cope with recycling waste from additional population or workers. A tariff contribution of £33 per person or worker will be applied to address the new recycling infrastructure required.

## **10 Environmental Improvements**

- 10.1 This covers essential district level initiatives including lighting, greening the residential environment, crime prevention such as CCTV cameras, removal of graffiti and fly posting, and open space enhancement.
- 10.2 PPS3 encourages the delivery of high quality housing, creating places, streets and spaces that are visually attractive, safe, accessible, inclusive, have their own distinctive identity and that maintain and improve local character. Matters to consider when assessing design quality include the need to create or enhance a distinctive character that relates well to the surroundings and that supports a sense of local pride and civic identity.
- 10.3 This can all be achieved well from larger schemes by ensuring quality in the scheme itself. But, for the smaller developments that predominate in the borough, there is less scope individually to make significant contributions to the visual attractiveness of places or to the sense of local pride and civic identity, and to the reduction of crime.
- 10.4 Consultation on the Council's emerging Camberley Town Centre Area Action Plan Preferred Options Paper in June 2008, highlighted wide community support for environmental upgrading of the town centres environment following on from the successful transformation of Park Street with the Atrium development. A need to secure additional development related contributions and directly funded works from larger schemes has therefore been identified as necessary to secure the long term sustainability of the centre.
- 10.5 Establishing an appropriate level of contribution is not a straightforward as for other functions. There is no benchmark for an optimum rate of environmental enhancement per additional person or worker, nor has a detailed programme of works and initiatives been costed to date. That will be developed before the Code starts delivering funds. In these circumstances it is proposed to allocate a modest

proportion of the overall tariff to this objective. This will be reviewed in future years to ensure that appropriate programmes may be delivered with this level of contribution. It would amount to a contribution of £500 per person or worker.

## **11. Town Centre Management**

- 11.1 The Atrium development has already contributed towards town centre management, and the Council and town centre stakeholders have established a town centre management company and it is expected that there will be numerous town centre management initiatives supporting the growth and future prosperity of the centre. Major schemes will make contributions of £250 per worker to town centre management.

## **12 Mechanism for Payment**

- 12.1 It is expected that the applicant will complete the Section 106 Standard Charges Sheet for all the benefits (see Code of Practice), and submit this as part of the application together with the Unilateral Undertaking.

## **13 Expenditure of the Contributions**

- 13.1 Circular 05/2005 supports the principle of formulae and tariff charges where appropriate to securing developer contributions. The circular maintains the necessity tests, which dictate that there should be a functional link between the development and the expenditure of any monies paid as part of the developer's contribution.
- 13.2 A protocol will be established within Surrey County Council to enable the appropriate dispersal of funds transferred from the Districts to the County. In accordance with ODPM circular 05/2005 in circumstances where the impact is not sufficient to justify the need for a specific piece of infrastructure or public transport improvement, contributions will be pooled and directed towards future infrastructure or service provision in the area. It should be noted that pooled developer contributions may occasionally also be directed towards schemes of strategic importance.
- 13.3 An analysis of the funds collected for each beneficiary and a list of the infrastructure or service enhancements provided will be included in each district's Annual Monitoring Report, normally published in the final quarter of each calendar year.

## **14 Monitoring Fee**

- 14.1 For both Residential and Commercial developments, an additional overall levy of 5% will be imposed on the total tariff charge, with 4% being paid to the Borough and 1 % to the County. Both levies will be used to fund the necessary resources to operate, administrate, monitor and report on the operation of the system.

Appendix A:

**List of Town Centres (as defined in current Local Plans)**

Elmbridge - Cobham, East Molesey, Esher, Walton on Thames, Weybridge

Epsom and Ewell - Epsom

Guildford - Guildford

Mole Valley - Dorking, Leatherhead

Reigate and Banstead - Redhill, Reigate (Horley covered by separate guidance)

Runnymede - Addlestone, Chertsey, Egham

Spelthorne - Staines, Ashford, Sunbury, Shepperton

Surrey Heath - Camberley

Tandridge - Oxted, Caterham Valley

Waverley - Cranleigh, Haslemere, Godalming, Farnham

Woking - Woking

Further advice can be obtained by telephoning