

## Basis for Calculating Formulae and Standard Charges

### 1. Introduction

- 1.1 The statutory framework for planning obligations is documented in section 106 of the *Town and Country Planning Act 1990* as amended by section 12 (1) of the *Planning and Compensation Act 1991*. Planning Obligations comprise both of section 106 agreements and unilateral undertakings. Throughout Surrey, planning obligation contributions are actively secured from applicants in relation to large-scale development.
- 1.2 In response to government advice to re-develop brown field sites, and at higher densities (particularly for housing), the development industry has delivered developments which have more intensive infrastructure generating characteristics per unit of land. Many of these developments are small in scale, but the **cumulative effects of these developments represent a discernable net increase in the demands on already stretched local infrastructure**. The Surrey wide Planning Obligations Collaboration Project was initiated to address the collective impact of these small-scale developments on existing local infrastructure. The use of standard tariffs and charges in the Surrey Code of Practice is designed in accordance with the Office of the Deputy Prime Minister Circular 05/2005.
- 1.3 Using the variable of land use occupancy levels, and a baseline impact assessment, the method provides a mechanism to calculate the appropriate level of applicant 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).
- 1.4 The pooled contribution approach (the tariff) referred to in ODPM Circular 05/05 improves the current planning obligation process. The tariff introduces transparency and predictability for the applicant, as all applicants will know in advance what contribution will be required, bypassing ad hoc individual negotiations on small scale developments. Circular 05/05 at B21 and B22 notes that the cumulative effect of development should be mitigated, with B22 commenting that individual development will have some impact but not sufficient to justify the need for a discrete piece of infrastructure.

## APPENDIX 1

### 2. Land use occupancy levels

2.1 The following explains how the tariff is calculated. The calculation of the charge is based on the unique parameters of the development; *table 1* sets out the land use occupancy levels to be used in quantifying the impact of new residential or commercial development. To determine a net change in demand for infrastructure, the existing demand associated with the site's lawful use will be calculated by using the occupancy levels in *table 1*. All occupancy figures will be reviewed and where necessary amended to reflect the most current relevant data available.

#### 2.2 Table 1 - Land use occupancy levels

Housing Unit	Occupancy
1 bed	1.31
2 bed	1.76
3 bed	2.51
4 bed	2.86
5 + beds	3.73
Land Use	Sqm per worker
Retailing	34.4
Financial/Professional services	15
Restaurant or Pub	31.6
Offices	16.4
Research & Development	67
Light Industrial	37.5
Manufacturing	33.1
Storage & Distribution	46.2
Private Leisure	25.4

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.

2.3 This method of calculation is likely to produce contribution levels that fall below the full infrastructure cost to support the increased demand. If a development has a net reduction in occupancy or worker the Council will not be expected to repay the applicant.

2.4 Work in this area is ongoing, during the preparation of this document a revised Implementation Plan for the draft South East Plan was published, as part of the submission to the public examination. Annex 4 of the Implementation Plan sets out detailed costs for a number of functions.

2.5 It should be noticed that the costs proposed per person in the Implementation Plan are significantly higher than those proposed in the Surrey districts and this SPD;

## APPENDIX 1

but the suggested occupancy rates are lower, as they have been averaged out across the whole region and reflect the falling household sizes. Overall the charges per equivalent development would be higher using the South East Plan figures.

- 2.6 Annex 4 of the Implementation Plan and any other Regional plan will feed into subsequent versions of this SPD.

### 3. Exemptions

- 3.1 The proposed tariff is designed primarily to address the cumulative impacts of small to moderate scale residential and commercial developments. The tariff will not apply to house extensions or commercial extensions with a net increase below 50sqm. Refer to *table 1* at 2.2 of Appendix 1 or paragraph 19.3 in the SPD for land occupancy levels.

- 3.2 Reigate & Banstead Borough Council encourages the provision of affordable housing. The infrastructure tariff will not apply to:

1. Affordable housing being developed on sites already owned by a Registered Social Landlord (RSL); or
2. Affordable housing where the whole site will be developed for affordable housing; or
3. Sites being developed by an RSL with a mixture of affordable and market housing; where the sale of the market housing will be used to subsidise the development of affordable housing on the same site.

Provided in all cases that the proposed affordable housing meets local housing need in terms of access to it, tenure split, dwelling sizes, and affordability. Where a site meets one of the above criteria a planning agreement will be required to ensure that the site is developed wholly or partially for affordable housing and that any capital receipts from the sale of market housing, if the development is to be exempt, is reinvested to provide affordable housing in the Borough.

- 3.3 Affordable housing, or sites, not meeting one of the above criteria will be subject to the standard charges.

- 3.4 For larger developments the level of contribution will be negotiated on a site-by-site basis. The tariff method can be applied to these developments, however the applicant should be mindful that the tariff does not include all infrastructure or service requirements that may be needed. Larger sites may be capable of meeting the infrastructure needs generated by a development with onsite provision and in such circumstances, it may be necessary to negotiate an alternative planning obligation package. A financial contribution towards some elements of infrastructure may not be required on the condition that the infrastructure provided onsite meets the Council's standards.

## APPENDIX 1

### PLANNING OBLIGATION INFRASTRUCTURE CONTRIBUTION PER PERSON OR WORKER

#### EDUCATION

The Department for Education and Skills (DfES) figures on the average annual cost of providing a school place and the relevant DfES cost multiplier for Surrey are used for the basis for seeking planning obligations for education facilities. Based on the education planning obligation formulae and methodology the tariff is:

Phase	Yield Ratio	Contribution per Occupant
Primary	0.11	£1,285
Secondary	0.085	£1,414
Post 16	0	£0
		<b>Total: 2,699</b>

#### TRANSPORTATION

The baseline charge is calculated by dividing the current Surrey County Council annual expenditure on transport<sup>1</sup> by the existing Surrey related travel demand<sup>2</sup>. This produces a value of **£28.10** per year per daily trip. 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 **£1025** over a period of 25 years. Therefore, a contribution per occupant/worker of **£1333** (£1025 + 30%) will be sought outside of defined primary and secondary shopping areas and town centre business areas (as set out in Borough Local Plan and evolving Local Development Framework) and a contribution per occupant/worker of **£718** (£1025 - 30%) will be sought for developments inside the defined area. 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.

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<sup>1</sup> Surrey Local Transport Plan Annual Delivery Report 2001 - 2006 2.1.3

<sup>2</sup> Surrey County Transport Model - Approx 2.7 million daily trips.

## APPENDIX 1

### Application of the Transport Impact Supplement

#### Residential

The following table sets out the residential transport contribution of **the tariff, which is dependent upon occupancy and whether or not the site is in a defined town centre**<sup>3</sup>.

<b>Transportation Impact Supplement</b>	Tariff per additional person within to a Town Centres area see the Borough Local Plan for the defined primary and secondary shopping areas, and the town centre business area.	<b>£718</b>
	Tariff per additional person outside of town centre	<b>£1333</b>

#### Commercial

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

#### LIBRARIES

The Museums Libraries and Archives tariff is calculated to accommodate a suite of enhancements to the library service across the County. The library tariff is based on:

- A minimum standard of 30 sqm of new library space per 1000 population.
- A construction and initial equipment cost of £3,071 per square metre.
- No cost for land purchase is included.

<b>Museums Libraries and Archives</b>	Tariff per additional person	<b>£92</b>
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<sup>3</sup> The development of smaller units will generate less demand for movement and will hence 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.

## APPENDIX 1

### CHILDREN'S & YOUNG PEOPLE'S PLAY SPACE

The unit cost for providing children's play space is currently £158 per a square metre. Using the localised Borough standard of 0.16ha per 1000 population there would need to be an additional 1.6sqm per additional person. The tariff will be **£252** per additional person.

The unit cost for providing casual play space for young people is currently *£185 per square metre*. Using the standard of 0.04ha per 1000 population there would need to be the provision of 0.4 sqm of casual play space per additional person. The tariff will be **£74** per additional person.

No cost for land purchase is included.

<b>Children and young peoples play space</b>	Children's play space	<b>£252</b>
	Young people play space	<b>£74</b>
	<b>TOTAL</b>	<b>£326</b>

### GREEN SPACE, PARKS, GARDENS

The planning obligation contribution has been based on land use occupancy levels. It will address the various impacts development places on green space, and reflect the importance of green space forming part of a development's character. The formula for calculating a contribution towards off-site green space provision or enhancement is as follows:

Size of unit	Average Occupancy	Provision (8.32m2 per person)	Cost per m2 (land and VAT excluded)	Total cost per unit	Tariff total cost (off site provision)
1 bed	1.31	10.89	£10	£110	<b>£55</b>
2 bed	1.76	14.6	£10	£150	<b>£75</b>
3 bed	2.51	20.88	£10	£210	<b>£105</b>
4 bed	2.86	23.79	£10	£240	<b>£120</b>
5 bed	3.73	31.03	£10	£310	<b>£155</b>

The cost per sqm of open space has been sourced from the Sports England/Milton Keynes/English Partnerships Joint pilot project (2004).

Where new development takes place in an area of identified deficiency, it would be required to provide green space provision. If there is no identified deficiency, a financial contribution towards green space, parks and gardens will required, the contribution will be towards green space enhancements of existing land, a 50 % reduction of the total cost of providing green space, parks or gardens will apply.

## APPENDIX 1

### SPORTS AND LEISURE

Includes indoor and outdoor sports facilities, such as sports halls, swimming pools, grass pitches, and synthetic courts.

Facility	£ per square meter	ha per 1000	Provision needed per additional person (sqm)	Tariff per person
Swimming pools	£11,414	0.00098	0.0098	£112
Sports halls	£4545	0.0042	0.042	£191
Grass pitches	£11.70	0.64	6.4	£75
Synthetic courts	£112.50	0.16	1.6	£180
			<b>Total</b>	<b>£558</b>

### COMMUNITY FACILITIES

A community facility to meet the needs of new development is based on the annual build cost per square metre for a community facility with a provision of 1 community facility of 750 square metres per 1500 dwellings.

<b>Community facilities</b>	Tariff per additional person	<b>£385</b>
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### RECYCLING

The contribution is based on the annual build cost for providing additional waste management facilities to meet the needs of new development, which is based on the current build cost divided by the number of dwellings the facility services.

<b>Recycling</b>	Tariff per additional person	<b>£38</b>
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### PRIMARY HEALTH CARE

The formula for this tariff is based on the optimum number of patients that should be registered with a GP in the Borough. This is determined by national best practices and government guidance. The RBBC Local Healthcare tariff is based on the construction costs of a new surgery of 800m<sup>2</sup>. The estimated construction cost for a surgery of this size, as specified by the Department of Health and is based on the current build cost. An appropriately designed surgery of this size will house a 5 GP practice and will adequately serve an appropriate sized patient list per GP.

<b>Primary Health Care</b>	Tariff per additional person	<b>£128</b>
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## APPENDIX 1

### ENVIRONMENTAL IMPROVEMENTS

The formula is based on a five-year enhancement plan (2009 - 2014), which is £790,000. The tariff is calculated by allocating a proportion of the cost of enhancements to qualifying villages and local shopping parades, according to the proportion that a forecasted population increase would need to pay.

The population is forecasted to increase by 3% therefore new development pays for an additional 3% of the cost of the programme. The tariff is based on the costing of enhancements to villages and local shopping parades in the Borough except Horley.

<b>(A) Funding For Sustainable Environmental Enhancements (excluding Horley sites)</b>	<b>(B) Additional funding required (3% of £790,000)</b>	<b>(C) Environmental enhancements (excluding Horley for existing and new developments (A+B))</b>	<b>(D) Projected 3% population increase 2009-2014</b>	<b>Tariff/person (£) (B/D)</b>
£790,000	23 700	£813,700	3812	£6

<b>Environmental Improvements</b>	Tariff per additional person	<b>£6</b>
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