

Advice note for Leicestershire District Councils (Local Planning Authorities)

Revised Cost Multipliers for Leicestershire County Council Education Contributions

Purpose

This note has been prepared following recent discussions at Members Advisory Group and Strategic Planning Group in relation to rising costs for the construction of County Council infrastructure to support new development.

The purpose of this note is to:

- Advise Local Planning Authorities (LPAs) on the increase to the cost multipliers for primary provision included in the LPOP to take effect from 1 July 2021.
- Explain the reasons for the increase and how it will be applied.

Background

The Leicestershire CC Planning Obligations Policy (LPOP) was last revised in June 2019. For education infrastructure the policy states that “the cost multipliers used to calculate the value of each school place required will be reviewed on an annual basis in April and will be based on the average cost per pupil place for extension and rebuild projects in the National School Delivery Cost Benchmarking Report (NSDCBR)”.

The NSDCBR report is commissioned by the Department for Education (DFE) and is normally published annually. The report can be found on the following link

<https://documents.hants.gov.uk/property-services/NationalSchoolDeliveryBenchmarkingreport.pdf>

The figures referred to in the LPOP are based on the NSDCBR report published in February 2019. Due to Covid -19, there was no data collection in 2020 so therefore no annual report was published. As a result, the County Council made no adjustments to its request for contributions last year.

The 2021 DFE report was completed in May 2021 and advice to education authorities was circulated at the end of June 2021.

The table below shows the current and proposed cost multipliers, including a location factor of 1.04 to take account of regional variations in costs.

Prices have increased in the construction industry due to an increase in the cost of materials including steel, timber, cement, and plastic. There have also been increases in the cost of imported goods, shipping costs and a shortage of labour as a consequence of the impact of Covid -19 on the global economy.

Sector	Current amount per pupil place	Figures included in 2021 NSDCBR Including location factor	% increase
Primary	£14,592	£18,356	25.8%

Alongside the information provided in the NSDCBR, the County Council benchmarks projects it has completed for comparison purposes. Costs for these projects have increased beyond the figures shown in the DFE guidance due to the requirements for enhanced fire safety measures, particularly the installation of install sprinkler systems into new and most extended buildings, additional insurance requirements and requirement to respond to the climate change agenda. Collectively, these add in the region of 10% to project costs. It is hoped that these additional costs can be absorbed within the cost multiplier set out above.

The cost multipliers for the remaining Education sectors, including Early Years, will remain unchanged and are detailed below. These figures will be reviewed when next year's DFE report is published.

Sector	Current amount per pupil place
High 11-14	£17,876
Upper 14-18	£18,355
Secondary 11-16	£17,876
Secondary 11 – 18	£18,118
Post 16	£19,327
Primary (Special Schools)	£65,664
Secondary 11-19 (Special Schools)	£81,531

Indexation

The rapid increases in construction costs for infrastructure to facilitate growth has highlighted that financial contributions secured as part of the planning process, via S106 agreements, is often not sufficient to cover the cost of building or extending schools. This is leaving a funding gap that cannot be easily afforded.

The County Council applies indexation clauses within agreements to help soften the impact of rising construction costs, allowing for contributions to increase (or potentially decrease) according to changes in the price of labour, materials etc. In order to ensure that this indexation more accurately reflects price differences, the point of indexation will need to apply from the date of the relevant update to the DFE National School Delivery Benchmarking Report, rather than from the date that the agreement is signed as has historically been the case.

When will the changes apply?

The increase in the primary school cost multiplier, and to the new approach to backdating indexation to correspond with the date of the latest DFE Report, needs to apply retrospectively to all undetermined planning applications.

The County Council's Planning Obligations team has already begun speaking to case officers about updating consultation responses for undetermined planning applications.

Please could you remind your development management teams that where consultation responses have been provided using the old cost multiplier, to check with the County Council's Planning Obligations team to obtain updated figures. This will prevent problems after a resolution has been made where figures will need to be updated before the S106 agreement can be signed.

Could you also share this document with your legal teams to make sure that solicitors apply the correct date for indexation purposes.

Please contact the County Council's Planning Obligations team (planningobligations@leics.gov.uk) in the first instance if there are any concerns or questions.

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