

1. Alterations to SPD Appendix

EDUCATION FACILITIES

The following formula will be used for calculating contributions for education:

(Primary school child yield of development x average cost per primary school pupil) + (secondary school child yield of development x average cost per secondary school pupil) = Total financial contribution

This is a simplified overview formula. To accurately calculate the education contributions of a development the following four step process should be worked through.

Step One – Establish unit types for assessment

Guidance

Child yields vary considerably according to unit size, type and tenure. Because of this and in order to calculate accurate education contributions, as detailed as possible development schedules will be required for the development in question.

The initial step in calculating the education contributions is to complete a development unit schedule as set out in table ED1 below.

Assumptions – Unit Types included

Table ED1: Example of unit details required to assess contributions

	Houses					Flats				
	1 bed	2 bed	3 bed	4 bed	5 bed	1 bed	2 bed	3 bed	4 bed	5 bed
Market units		x	x	x	x	x	x	x	x	x
Intermediate						x	x	x	x	x
Social Rented		x	x	x	x	x	x	x	x	x

The following variations should be noted:

- Bedsits and studios are considered (unless specific evidence can be suggested otherwise) to contain no children and therefore do not need to be included in the calculation.
- 1 bedroom houses are not considered a unit type. If a development is stated to contain a 1 bedroom house, include those unit numbers under the 1 bedroom flat type.

- Intermediate tenure houses are not considered a unit type. If a development is stated to contain intermediate houses, include those unit numbers under the intermediate flat type (referring to the bedroom size in question).

Worked Example – Step 1

Table ED2: Example of Development Unit Schedule

	Houses					Flats				
	1 bed	2 bed	3 bed	4 bed	5 bed	1 bed	2 bed	3 bed	4 bed	5 bed
Market units							20	25	10	
Intermediate							10	15		
Social Rented			10	10						

Step Two – Apply LB Hackney child yields to units

Guidance

Tables ED3, ED4 and ED5 set out all child yields required to match against the development unit schedule established in step 1. It is recommended that these tables are replicated in a spreadsheet program such as Microsoft Excel in order to accurately calculate against the established development unit schedule.

Each unit type included in the development unit schedule has a corresponding child yield ratio which can be used to generate child yields. The child yield stated in the tables below should be multiplied against the number of units (of that particular unit type) input into the development unit schedule.

Assumptions

The child yields presented in the tables below are specific to that housing tenure, type (house or flat) and unit size. The Primary age child yield represents the age cohort of 4 to 10 (including a 20% proportion of the 0 to 3 year age group). The secondary aged child yield represents the age cohort of 11 to 15 years.

LB Hackney have undertaken a detailed comprehensive review of child yields across a number of data sources in order to arrive at the most appropriate child yields for use in the borough. This analysis is presented within the LB Hackney Child Yield Review Final Report 2009.

Table ED3 – Child Yield for Market Units – children per unit

	Market Housing									
	Houses					Flats				
	1 bed	2 bed	3 bed	4 bed	5 bed	1 bed	2 bed	3 bed	4 bed	5 bed
Primary		0.109	0.190	0.266	0.373	0.001	0.038	0.156	0.329	0.825
Secondary		0.039	0.061	0.120	0.237	0.000	0.003	0.032	0.176	0.981
Total		0.273	0.436	0.680	0.610	0.004	0.100	0.302	0.529	1.806

Source – Analysis undertaken within the LB Hackney Child Yield Review Final Report 2009.

Table ED4 – Child Yield for Intermediate Units – children per unit

	Intermediate Affordable									
	Houses					Flats				
	1 bed	2 bed	3 bed	4 bed	5 bed	1 bed	2 bed	3 bed	4 bed	5 bed
Primary						0.013	0.238	0.457	0.877	1.681
Secondary						0.011	0.112	0.214	0.411	0.788
Total						0.042	0.559	1.071	1.288	2.469

Source – Analysis undertaken within the LB Hackney Child Yield Review Final Report 2009.

Table ED5 – Child Yield for Social Rented Units – children per unit

	Social Rented Affordable									
	Houses					Flats				
	1 bed	2 bed	3 bed	4 bed	5 bed	1 bed	2 bed	3 bed	4 bed	5 bed
Primary		0.432	1.039	1.786	3.120	0.003	0.358	1.035	1.406	1.923
Secondary		0.088	0.598	1.159	2.249	0.001	0.100	0.431	0.910	1.925
Total		0.982	2.061	3.398	5.369	0.010	0.873	1.983	2.866	3.848

Source – Analysis undertaken within the LB Hackney Child Yield Review Final Report 2009.

Worked Example – Step 2

Table ED6 continues the worked example from step 1 to apply the relevant child yield ratios from the tables ED3, 4 and 5 above. These ratios are multiplied against the number of units of that type and the results are summarised in table ED7.

Table ED6: Example of child yield calculations

	Houses					Flats				
	1 bed	2 bed	3 bed	4 bed	5 bed	1 bed	2 bed	3 bed	4 bed	5 bed
Market units						20	25	10		
Primary yield ratio						0.038	0.156	0.329		
Primary children						0.8	3.9	3.3		
Secondary yield ratio						0.003	0.032	0.176		
Secondary children						0.1	0.8	1.8		
Intermediate units						10	15			
Primary yield ratio						0.238	0.457			
Primary children						2.4	6.9			
Secondary yield ratio						0.112	0.214			
Secondary children						1.1	3.2			
Social Rented units			10	10						
Primary yield ratio			1.039	1.786						
Primary children			10.4	17.9						
Secondary yield ratio			0.598	1.159						
Secondary children			6.0	11.6						

Having established the detailed number of children generated by each of the unit type we can summarise these as in table ED7 below.

Table ED7 – Example of summarised child yield calculation

	Market	Intermediate Affordable	Social Rented Affordable	Total
Primary children	8.0	9.2	28.3	45.4
Secondary children	2.6	4.3	17.6	24.5
Total children	10.6	13.6	45.8	70.0

Step Three – Apply affordable housing discount

Guidance

There is a high proportion of local ‘take up’ of new affordable housing by existing Hackney residents. In recognition of this local ‘take up’, where a development provides an affordable housing contribution the affordable component of the development will be eligible for a discounted education facilities contribution. Using the percentages provided below the total number of children (both primary and secondary) generated from intermediate and social rented affordable units should be adjusted before moving to step 4. The number of children established in step 2 for affordable units should be multiplied by the percentages presented below.

Assumptions - % Contribution Sought

The contribution sought for affordable units is as follows:

- *Intermediate Affordable Housing* - contribution from developers of 38% of the child yield generated by intermediate affordable units (based upon an assessment of the local ‘take up’ of affordable housing).
- *Social Rented Affordable Housing* - contribution from developers of 20% of the child yield generated by social rented affordable units (based upon an assessment of the local ‘take up’ of affordable housing).

The education facilities contribution for market units will not be subject to a discounted rate. For further information on this discount level refer to the LB Hackney Child Yield Review Final Report 2009 within which LB Hackney has considered the proportion of local take up of affordable housing

Worked Example – Step 3

Table ED6 continues the worked example from step 1 to apply the relevant child yield ratios from the tables ED3, 4 and 5 above. These ratios are multiplied against the number of units of that type and the results are summarised in table ED7.

Table ED8 – Example of affordable housing discount

	Market	Intermediate Affordable	Social Rented Affordable	Total
Primary children	8.0	9.2	28.3	45.4
Secondary children	2.6	4.3	17.6	24.5
Total Children	10.6	13.6	45.8	70.0
Contribution sought	100%	38%	20%	
Primary children	8.0	3.5	5.7	17.1
Secondary children	2.6	1.6	3.5	7.8
Total Children	10.6	5.2	9.2	24.9

Step Four – Apply average costs per pupil

Guidance

Having established a reduced number of children in line with the affordable housing discount the final stage of the process is to apply the average cost per school pupil to the total number of primary and secondary school pupils established at the end of the step 3.

Assumptions: Average costs per school place

Information from the DCSF (for 2008-9)¹, adjusted by Department Locational factors, indicates the following average costs for primary and secondary school places in LB Hackney:

- Cost per primary school pupil: £14,830.97
- Cost per secondary school pupil: £22,347.49

The pupil cost multiplier is based on projected pricing levels at Q4 2008 (DCSF) including a LB Hackney location Factor as published at January 2009.

These capital costs are applied to the projected child yield of a development to arrive at the level of education contribution.

Worked Example – Step 4

Table ED9 below presents the final step in the process and multiplies the average cost per primary pupil against the number of primary aged children established for assessment and the average cost per secondary school pupil against the number of secondary aged children established for assessment.

Table ED9 – Example of Final Contribution calculation

	Market	Intermediate Affordable	Social Rented Affordable	Total
Primary children	8.0	3.5	5.7	17.1
Secondary children	2.6	1.6	3.5	7.8
Primary pupil cost	£14,830.97			
Secondary pupil cost	£22,347.49			
Primary Contribution	£117,906	£52,046	£83,795	£253,748
Secondary Contribution	£58,550	£36,771	£78,529	£173,850
Total Contribution	£176,457	£88,817	£162,324	£427,598

¹ <http://www.teachernet.gov.uk/management/resourcesfinanceandbuilding/schoolbuildings/schooldesign/costinformation/>

Variations to the formula:

The above formula for calculating monetary contributions may be negotiated in the following circumstances:

- Where the development replaces existing housing, the contribution will be calculated against the net increase in child yield (this will require an additional calculation within step 1 of the above process to refine the Development unit schedule to show a net housing mix for assessment).
- In view of the impact of major residential development on educational provision, where a proposal involves more than 150 residential units, the monetary contribution sought will be subject to further negotiation and in consultation with The Learning Trust.

Additional points to note:

16 to 17 year contributions - LB Hackney will not currently be requesting financial contributions towards education facilities based on increases in 16 to 17 year olds, this is likely to change in the future as Government policy will include 16 and 17 year olds within statutory school education. Chapter 6 of the LB Hackney Child Yield Review Final Report 2009 includes recommended child yields for this additional age cohort and these should be used when policy requirements necessitate this (in the absence of any alterations or updates to this SPD).