

Primary School Places in London

Briefing for Westminster Hall Debate, Tuesday 3 March, 11am.

Summary

- London local authorities are facing unprecedented levels of demand for new primary school places, with many boroughs having to resort to using temporary classrooms or 'bulge classes' to accommodate pupils.
 - Evidence suggests that, unless funding issues are addressed, approx **16,000** pupils may struggle to find primary school places in the 6 years up to 2014, and a further **15,000** may have to be educated in temporary classroom structures over the same period.
 - Current capital funding arrangements are not sufficient to finance the necessary new primary school places. Figures suggest a capital shortfall of approx **£260m** in the current Spending Review period (to March 2011), and **£480m** over the next Spending Review period (2011-2014) and beyond.
 - The government should:
 - provide London local authorities with an additional emergency capital grant to meet the current shortfall in capital funding;
 - reassess its schools capital funding strategy for the next Spending Review period; and
 - provide additional capital funding for new pupil places via a new capital grant.
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The demand for primary school places in London

1. Many London local authorities have reported large increases in demand for reception class places at primary schools across London. The demand for primary school places is rising rapidly, requiring boroughs to build additional forms of entry on both a temporary and permanent basis.
2. This problem has emerged quickly and is likely to be due to a number of factors, including:
 - an increase in migration to London and the accompanying rise in birth rates;
 - changes in London's housing stock, which has led to parents remaining in the capital rather than moving away as their children reach primary school age;
 - the economic downturn leading to parents opting for state schools over private schools.
3. London Councils has collated evidence of the extent of the problem. 12 boroughs reported having to house large numbers of reception-age children in temporary classrooms. Other boroughs are using 'bulge classes' to meet the

needs of children in reception year. Neither of these options is sustainable, with both putting pressure on school facilities and compromising the standard of education the children receive.

4. The figures provided to London Councils indicate that approximately **15,000** children may receive their education in temporary classroom structures in the 6 years up to 2014. Most worryingly, approximately **16,000** reception-age children may have no primary school place over the same period.

Capital Funding Shortfalls

5. The majority of the affected boroughs cannot finance the new primary school places with their current capital funding allocations, both in the present Comprehensive Spending Review period and in the forthcoming Spending Review period (post 2010-11).
6. London Councils has collected evidence of the actual financial pressures caused by the need to accommodate new pupils at primary school level. 25 boroughs have indicated that they are facing capacity/capital funding issues. Of the 25 respondents who are affected, 17 are from outer London and 8 from inner London.
7. Current estimates point to an overall capital shortfall of **£260m** across London in the current spending review period. The shortfall estimate rises to a further **£480m** over the next spending review period and beyond.

The mechanics of the funding stream

8. Current capital funding streams for new pupil places are provided by 'Basic Need' funding via 'supported borrowing' allocations.
9. Supported borrowing is a type of capital funding whereby the government promises to support the revenue cost of the borrowing needed to fund the capital spending. In effect, this means the government makes an estimate of the day to day costs of financing the necessary capital loan (i.e. the annual interest charge and loan repayments), and makes a payment to local authorities to cover this amount.
10. Supported borrowing allocations, including those for funding new pupil places, are given to local authorities through their Formula Grant allocations, in the form of revenue grant financing. This creates a problem for those authorities which are receiving only the minimum increase in Formula Grant allocations – i.e. authorities that are on the 'funding floor'.
11. The majority of London authorities are on the funding floor and are receiving a real terms cut in their Formula Grant funding. Rising local costs, coupled with real terms cuts in grant funding, mean that for many authorities the Formula Grant funding - including supported borrowing allocations - intended for financing school expansions is now being diverted to cover the costs of other statutory services, such as adults' social services.

12. This leaves local authorities unable to take up supported borrowing allocations for schools, as it has been necessary to use revenue grant funding to pay for other services.
13. To cope with these difficulties, boroughs are using all other sources available to them to fund school expansions, and for many this has meant diverting capital funding streams away from much-needed school modernisation projects. Clearly this is not a sustainable solution.

London Councils Recommendations

14. If these funding issues are not addressed, 11,700 children may be without a primary school place in the 6 years up to 2014, and tens of thousand more may have to learn in temporary schooling structures.
15. In order to solve the current funding crisis, the government must:
 - provide London local authorities with an additional emergency capital grant to meet the current shortfall in capital funding;
 - reassess its schools capital funding strategy for London, giving additional priority to funding for new school places whilst maintaining the level of funding allocations for modernisation projects;
 - provide additional capital funding for new pupil places via a new capital grant, not via supported borrowing, to help mitigate the problems faced by boroughs in accessing their supported borrowing allocations.