

The London Equation

calculating the shortfall in
funding London's schools



introduction

In recent years London's children, parents, schools and councils have faced an unprecedented growth in demand for school places. London Councils, through its series of Do the Maths publications, has been at the forefront of the debate of the school places pressure in London. This latest analysis brings into sharp focus the movement of population growth through primary into secondary education and the need for sufficient and long-term funding commitments to ensure London's children have access to good school places where they need them.

Each local authority has a statutory responsibility to secure sufficient school places for its area. To fulfil this duty, local authorities closely monitor the supply and demand for places and ensure there is sufficient capacity amongst schools to meet the needs of their community.

London boroughs have seen very large increases in their pupil population, the majority of which has been with the primary phase. Between 2010/11 and 2014/15, London's pupil population (aged 5-19) has increased by 112,000 representing 35 per cent of the overall national pupil growth. London's local authorities, head teachers and school governors have worked together to expand existing schools and build new schools where necessary. But a lack of adequate funding from government has meant that many London boroughs have had to use their own resources (including borrowing) in order to keep pace with demand. Unless there is a significant increase in funding to address the growing funding shortfall there may be serious consequences in terms of London local government's ability to deliver its statutory duty to provide sufficient school places in the capital.

the london equation

A call to government

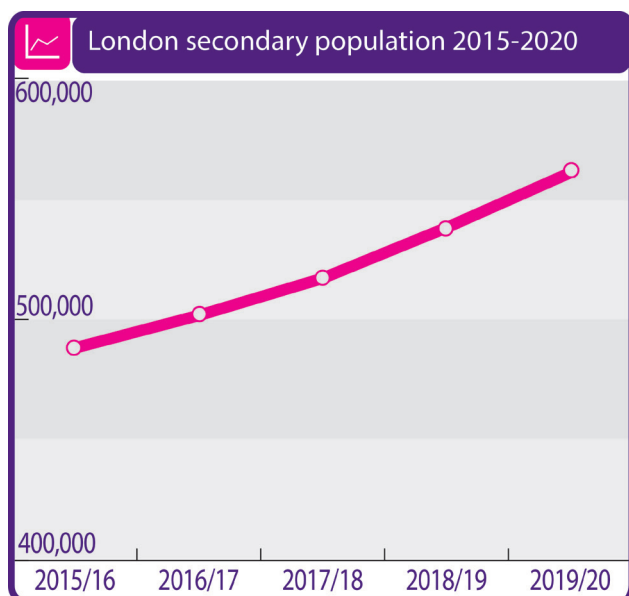
London Councils is calling on the Department for Education (DfE) to:

- **Commit to increasing the Basic Need funding pot for this parliament, currently £7 billion, to ensure sufficient funding for school places.**
- **Provide unit costs for new primary and secondary school places that reflect the actual costs of providing places in London.**
- **Ensure that any new free school developments are prioritised in areas of growing need for school places.**
- **Recognise the challenges of providing secondary school places in London and the achievements of boroughs over the last five years.**

Pupil growth

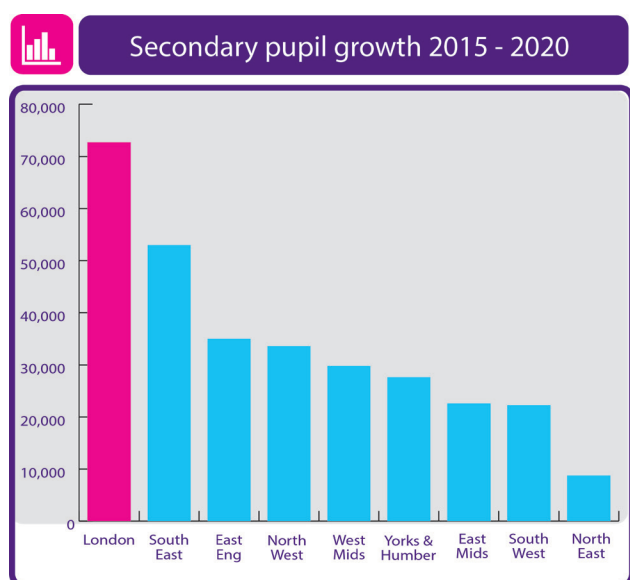
London is forecast to experience year on year primary pupil growth of 3 per cent between now and 2019, equating to a total of 83,000 pupils, but London will simultaneously face an added pressure. Due to London's historically higher than average pupil growth at primary level for a number of years; the pressure is emerging at secondary level too.

During the course of this parliament, London secondary population is forecast to increase from 488,000 in 2015 to 561,000 by 2020. This will mean an additional 73,000 secondary age pupils in London over a five year period, which is three times more when compared to the growth between 2010-2015. Figure 1 below shows London's secondary pupil population by year.

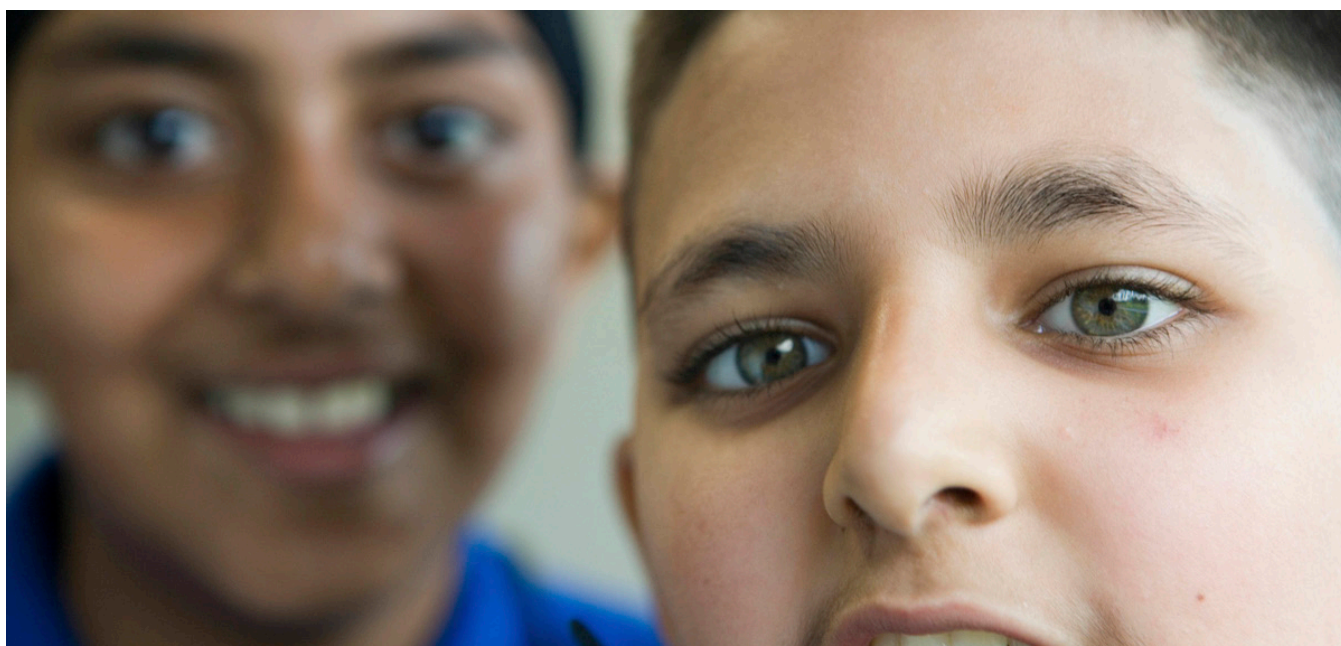


London's secondary population is forecast to increase from 488,000 in 2015 to 561,000 by 2020

Compared to other regions, London will not only have a larger secondary pupil population but its rate of growth will nearly double during the course of this parliament. London's secondary population is projected to increase by 15 per cent compared to growth in secondary population for the rest of England of 9 per cent. Figure 2 below shows the level of secondary pupil growth by region from 2015 to 2020.



// London will not only have a larger secondary pupil population but its rate of growth will nearly double during the course of this parliament //



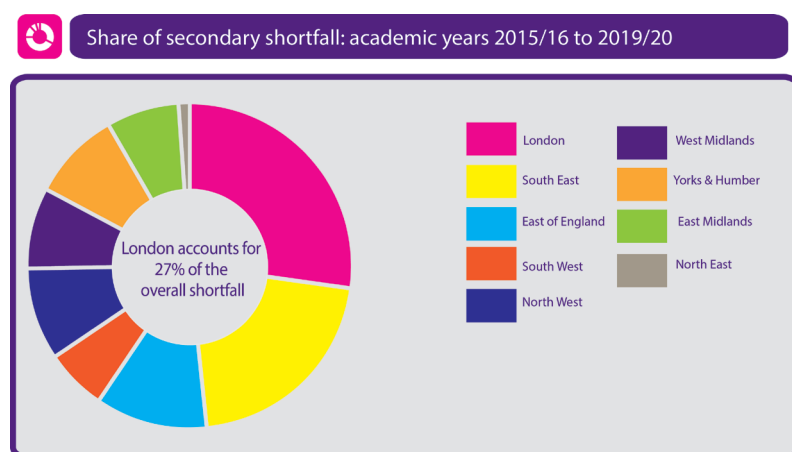
secondary shortfall

Much like London's experience of meeting demand on primary places, for London to satisfy the growth of secondary age pupils it will require a mixture of expansion of existing schools and where possible, building new secondary schools.

London Councils has calculated the shortfall of places year-by-year by comparing the capacity in existing secondary schools with forecast number of pupils - where demand outstrips places available within a local area. The data used for London Councils' projections is taken from the local authority school capacity survey (SCAP), which is validated by DfE.

London Councils methodology differs from the DfE as it enables us to take into account any fluctuations within the funding period and potential need each year. Further detail that underpins our methodology can be found at Appendix A.

Over the course of this parliament, there will be a shortfall of 130,000 secondary school places across England between the academic years 2015/16 to 2019/20. However, this national figure masks significant variations between the regions with some parts of the country being 'hot spots' and others facing considerably less pressure. London faces a shortfall of 35,000 secondary school places during the course of this parliament, it accounts for 27 per cent of the overall shortfall of secondary school places. Figure 3 below shows London's shortfall compared to other regions.



London faces a shortfall of 35,000 secondary school places

↘ funding

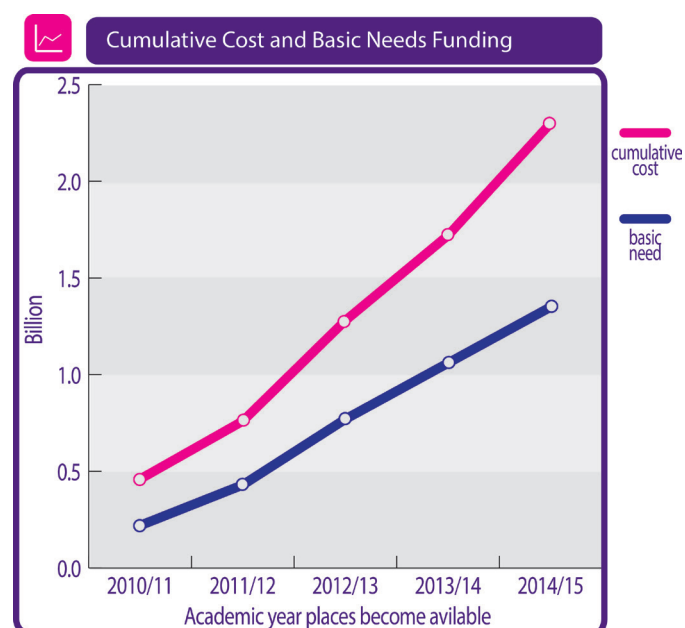
The government gives a grant to local authorities to provide new school places, a grant known as Basic Need. It can be used to expand existing maintained schools, free schools or academies, and for establishing new schools.

The Department for Education committed to paying 100 per cent of costs for additional school places. The House of Commons Committee of Public Accounts, Department for Education: Capital funding for new school places reported the following:

In 2010, the DfE estimated that local authorities would need to contribute 20 per cent of the costs of delivering school places over the spending period to March 2015. During the hearing, the DfE told us that it now estimates it will provide 100 per cent of the funding required over the spending period, so its expectation of local authority contributions has reduced. Yet, the model has not been through internal or external audit.

Between the financial years 2010/11 and 2014/15, a period of predominately primary pupil growth, the Department for Education distributed a total of £4.3 billion across local authorities to meet the costs of providing school places. London received £1.6 billion, a 38 per cent share of the national funding. This has not been sufficient to meet the costs of new places in London over this period.

As shown in Figure 4 below, between 2010 and 2015 there was a shortfall of £1 billion between the actual costs of providing sufficient school places and the amount of money DfE allocated the London boroughs. As a result, Basic Need only accounted for 59 per cent of the cost of providing places in London.



// between 2010 and 2015 there was a shortfall of £1 billion between the actual costs of providing sufficient school places and the amount of money DfE allocated the London boroughs //

The lack of funding from government has meant that many London boroughs have had to use their own funding in order to be able to provide enough places to meet the demand. Councils have had to borrow, use asset disposals, maintenance funding and general council funds to meet the needs of their pupils. At the same time, councils have seen a 34 per cent cut in central government funding, which is placing extra pressure on already stretched budgets.

The lack of sufficient funding to fully address the growing need for school places has taken place at a time when the main growth has been primary places. As London moves towards a dual pressure of primary and secondary school places, a significant improvement is needed in Basic Need funding for London. According to our analysis, secondary schools can cost twice as much per pupil place to build. They require more space and more specialist and expensive equipment. While London boroughs are working together innovatively, both in terms of where new schools are built or expanded, this alone is not the answer.

Without a significant increase in funding addressing the shortfall in funding, there could be serious consequences for local government's ability to deliver on its statutory duty to provide school places.



↘ appendix a

Calculating the shortfall in London

The Department for Education calculates shortfall in school places by comparing the capacity in existing schools with the forecast number of pupils for a particular year. Local authorities submit forecasts to the Department for Education. These forecasts project the future pupil populations using the local knowledge within local authority school planning teams. For example, as well as looking at the birth rate, local authorities take into account:

- transfer rates (i.e. moving schools)
- cross borough in/out migration- particularly for faith schools
- patterns of intake
- popularity and parental preferences
- early capture of improving schools and therefore increasing popularity
- accuracy of past projections
- housing developments.

Many local authorities in London also use demographics analysis by the Greater London Authority (GLA) as a basis or comparator to their modelling. There is ongoing work with the GLA to refine school places projections.

In the past three years forecasts by London boroughs have been 98 per cent accurate.

Ideally, shortfall analysis would be done at school level, as this is where the pressures are, and by comparing it at a higher level it is likely the need will be understated as one school with spare capacity would net off another school which needs additional places.

Historically, the Department for Education has released the capacity and forecast data at a local authority level. Due to the reasoning above, this has meant that the shortfall has been understated. In the statistics released on 18 December 2013, the capacity and forecast data are available at planning area level, which enables a much more detailed analysis of need.

The Department for Education has now also sent the allocation methodology and workings to each local authority, and we have been able to analyse the methodology in more detail. Unlike the Department for Education, our methodology calculates the shortfall year by year and totals these for the relevant period. This enables us to take account of fluctuations within a funding period and potential need each year. It is also arguably the case that our methodology is on the optimistic side as it assumes an uplift in capacity each year to meet that year's demand for school places.

London Councils
59½ Southwark Street
London SE1 0AL
www.londoncouncils.gov.uk
020 7934 9524

images: Photofusion
publication date: July 2015