

Do the Maths 2016

London's school places challenge



September 2016



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Introduction

Do The Maths 2016 is the seventh edition of London Councils' annual report on the pressures facing the school places planning system in London. The demand for additional school places in the capital, which has reached record levels over the past decade, is showing little sign of abating. London will need a further 110,364 new school places between 2016/17 and 2021/22 to meet forecast demand. At primary school level, the need for more places has started to plateau, rather than continuing to rise as we have seen year-on-year since 2008. However, demand at secondary level is forecast to increase considerably as the wave of additional pupils at primary is predicted to reach secondary schools in the majority of London boroughs from 2017/18.

London's local authorities have made considerable efforts to expand existing schools and work with new school providers to ensure that every child has a school place. This has been a huge undertaking, but has been achievable largely at primary level because of the multiplicity of small sites with available capacity to expand. These options are now drying up and local authorities are looking increasingly at more creative ways of expanding existing schools, or brokering relationships to open new schools in areas of high demand.

This challenge is compounded by historic and current funding shortfalls. Basic Need funding allocations from government have decreased considerably in London, despite the capital continuing to experience the largest shortfall in places in the country. In addition, despite an uplift in funding for unit costs to create new school places, the government continues to fail to match the actual London costs per place. Currently the government provides

£16,752 at primary and £22,036 at secondary, yet in 2016/17 the actual cost of creating a school place in London was £21,147 at primary and £27,299 at secondary.

London Councils has calculated that London needs at least £1.8 billion to provide sufficient school places in London between 2016/17 and 2021/22. It is extremely unlikely to receive this full allocation given that the Department for Education (DfE) currently has £2.2 billion remaining from the fixed Basic Need funding pot it negotiated from the Treasury to allocate up until 2020/21.

Lack of government funding means that councils have to use their own resources, often through borrowing or diverting other funds, to ensure there are sufficient school places to meet growing demand. As core local government funding will be reduced by 37 per cent in real terms between 2015/16 to 2019/20, it is becoming increasingly difficult for local authorities to access additional funding of their own.

Another emerging challenge for London is the growth in numbers of children with Special Educational Needs and Disabilities (SEND). There has been a rapid growth in dedicated SEND places in London, exceeding mainstream growth and SEND growth in the rest of the country. This is putting considerable strain on the education system, as creating school places for children with SEND costs on average £69,701 per place, depending on the type of school a child attends and the type of access they require.

This report describes the scale of the challenge now facing London's schools and local authorities, setting out a number of

asks on page 28 for government to address in order to enable local authorities to continue to guarantee that every child in London has a school place.

KEY FACTS

- Between 2010-2020 the school age population in London is anticipated to grow by almost **25 per cent**.
- **110,364** new school places will be needed in London between 2016/17 and 2021/22 to meet forecast demand. This consists of 62,934 primary places and 47,430 secondary places.
- At least **£1.8 billion** will be needed to provide sufficient school places in London between 2016/17 and 2021/22.
- From 2019/20, London's **secondary shortfall will be larger than the primary shortfall** for the first time in over a decade.
- Between 2016/17 – 2021/22 London will continue to experience the highest shortfall of any region, with **20 per cent of the national shortfall**.
- Between January 2011 and January 2016, the number of pupils educated in dedicated SEND places in London rose **23 per cent** from 18,880 to 23,127, over twice the 10 per cent growth rate in the rest of England.
- 17 Free Schools, out of a total of 201 opened since 2010, **are in areas where secondary pupil numbers are expected to fall** by 2019/20.

Pupil growth

2010/11 to 2016/17

London has experienced the fastest rate of pupil growth in the country between 2010/11 and 2016/17. While the rest of England's pupil population (aged 5-19) grew at an average annual rate of 1.1 per cent between 2010/11 and 2016/17¹, London's pupil population grew at an average annual rate of 2.4 per cent.

Until now, London's growth has predominantly been felt at primary level. While 78 per cent of London's 163,000 additional pupils were of primary age between 2010/11 and 2016/17, the capital's experience at secondary level has also been different from the rest of the country. London is the only region that saw any secondary growth between 2010/11 and 2016/17. While London's secondary pupil population grew by 35,800, the rest of the country experienced a secondary pupil population decline of 60,900.

Key drivers of London's higher growth rate have included a rising birth rate, inward migration and the growing popularity of London's school system. These are expected to drive continuing pupil growth in the future.

2016/17 onwards

In the medium term, forecasts² show that the nature and scale of pupil growth in London is expected to continue to diverge from the rest of the country. Between 2016/17 and 2019/20 total pupil numbers in London will grow by a further 98,500, representing an average annual growth rate of 2.6 per cent, against an average growth of 1.6 per cent in the rest of the country.

Secondary pressure in London is expected to be more severe than in the rest of the country over this period of time. This is because the years of sustained primary population growth will have firmly worked its way through the system to secondary schools within this timeframe.

The academic year 2017/18 will be a turning point as annual secondary growth is set to exceed annual primary growth for the first time (figure 1). By this year, London's secondary population will already have grown by 11.1 per cent since 2010/11, yet the secondary population in the rest of the country will still not have caught up with its 2010/11 levels.

In London, secondary growth is predicted to continue to accelerate. By 2019/20 annual secondary growth will reach 4.3 per cent, even higher than the primary level peak of 3.9 per cent in 2015/16.

Although primary growth shows signs of currently peaking in London, high growth rates will persist for the foreseeable future. Even as the focus increasingly turns to secondary level, an additional 40,600 primary pupils will be educated in London between 2016/17 and 2019/20.

Figure 2 shows that over the entire decade from 2010/11 to 2019/20, the number of pupils educated in the London school system (aged 5-19) will have grown by 24.9 per cent, compared to an England growth rate of 14 per cent. This will consist of 114,900 additional secondary pupils and 168,200 additional primary pupils.

1 Academic years

2 Source: SCAP 2014/15.

Figure 1: London annual pupil growth³

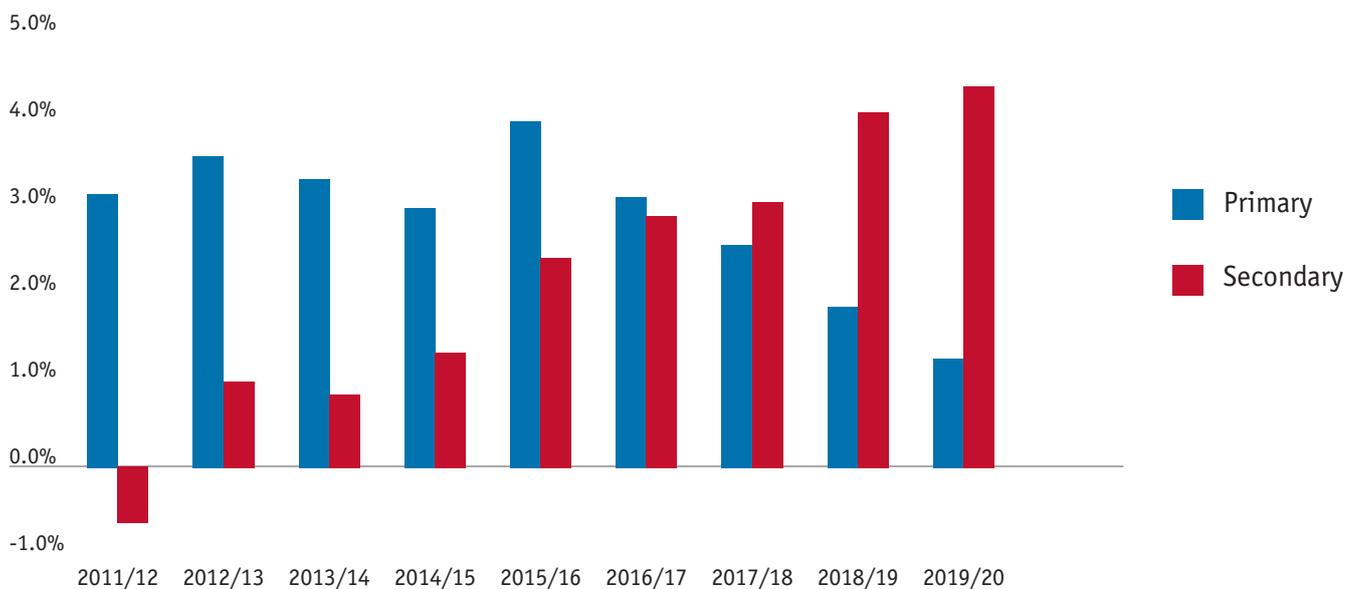
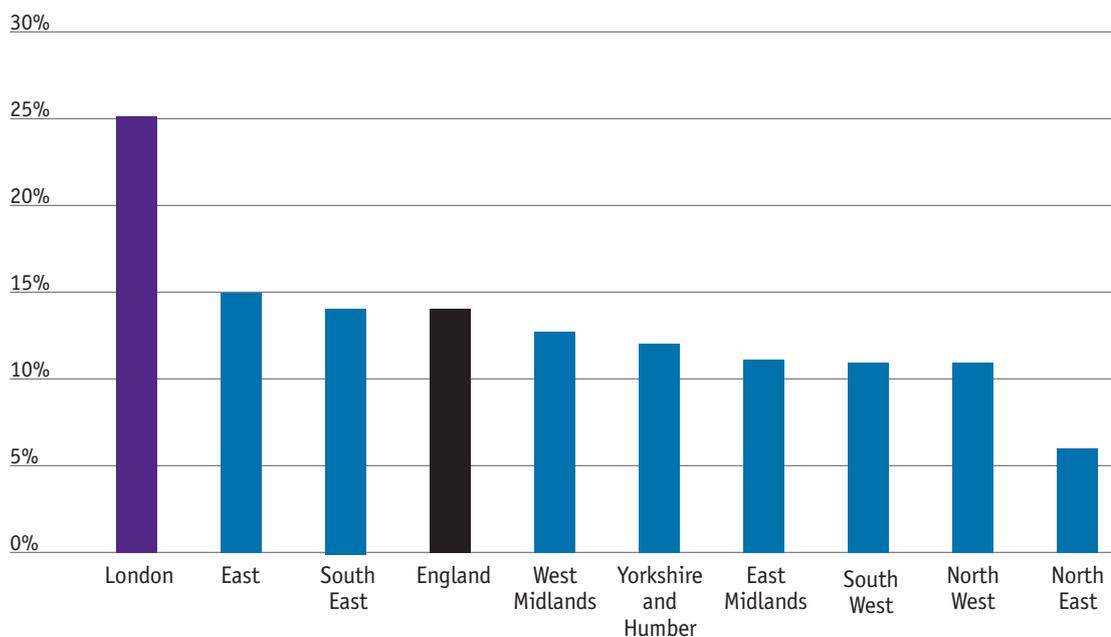


Figure 2: Overall pupil growth by region (2010/11 to 2019/20)



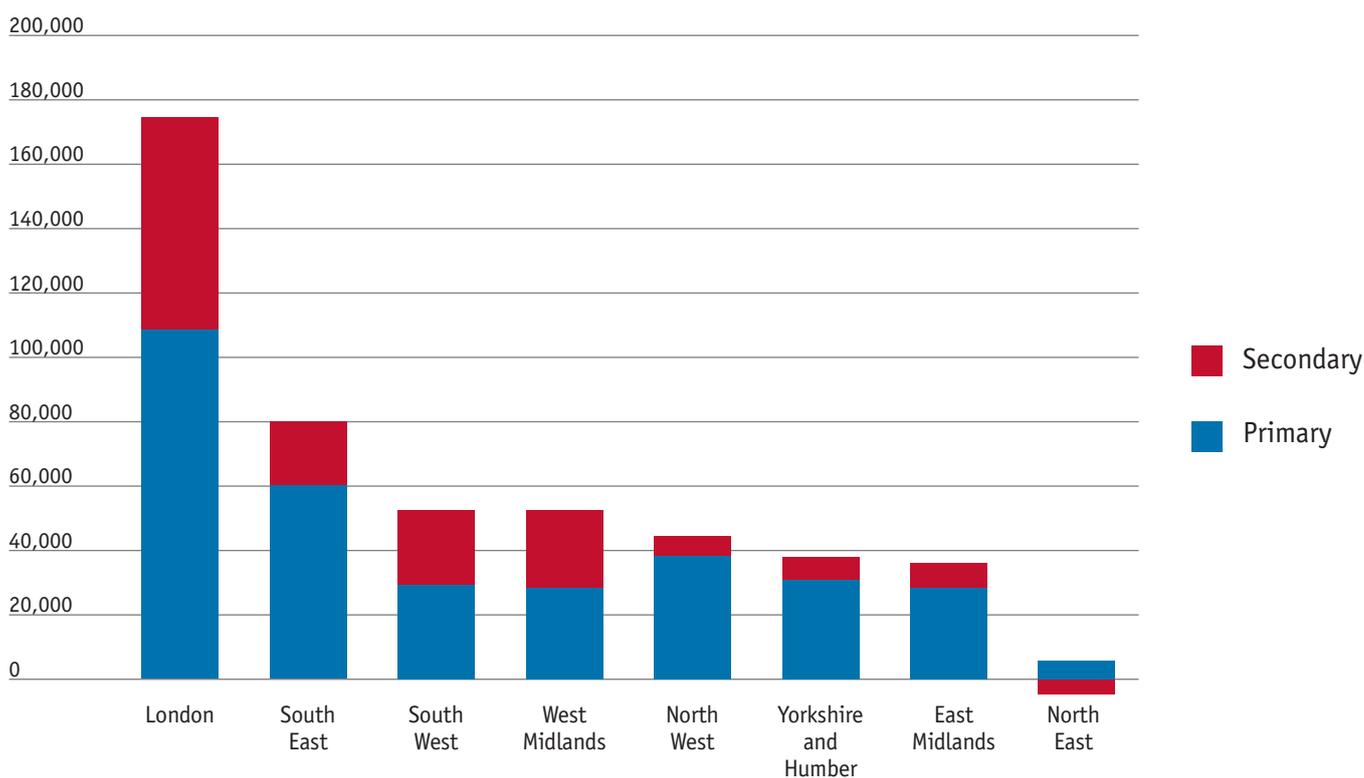
³ Primary pupil growth forecasts do not go beyond 2019/20

Capacity growth

Despite this huge increase in demand for places, London local authorities have responded to the challenge of providing sufficient places, in partnership with schools and central government. To secure the places required, local authorities have expanded existing schools and/or supported setting up new schools.

Figure 3 shows a regional breakdown of the scale and type of new school places created over this period of time. London created 174,100 additional school places between May 2011 and May 2015, representing a 33 per cent share of the total capacity increase in England, including 107,200 primary places and 66,900 secondary places.

Figure 3: Change in capacity, May 2011 to May 2015



Capacity shortfall

For the purposes of school place planning and the allocation of capital funding, it is important to examine the extent to which pupil growth translates into demand for additional school places. In some areas surplus capacity is able to absorb some of the growth in pupil numbers, while in other areas new school places will be required.

London Councils' analysis of the overall school places shortfall (ages 5 to 16) compares existing capacity against forecast pupil numbers, with appropriate adjustments

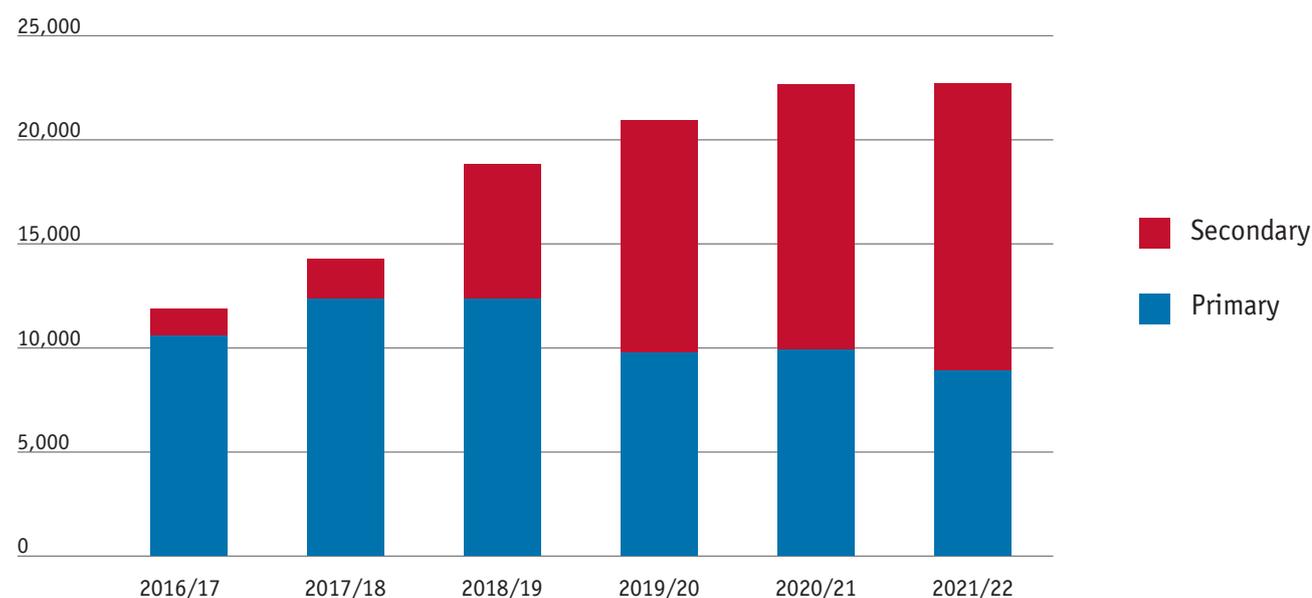
for new Free Schools. Further details about London Councils' methodology are available in Appendix 1.

According to London Councils' analysis, a total of 110,364 new school places will be needed in London between 2016/17 and 2021/22 to meet forecast demand, consisting of 62,935 primary places and 47,430 secondary places (table 1). This is equivalent to creating 3,680 additional classes across London at an average rate of 610 new classes every single year⁴.

Table 1: London shortfall by year

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Total
Primary	10,435	11,984	12,108	9,685	9,839	8,882	62,934
Secondary	1,204	2,118	6,641	11,425	12,595	13,447	47,430
Total	11,639	14,102	18,749	21,110	22,434	22,330	110,364

Figure 4: London school places shortfall by year



⁴ Assumes class sizes of 30 pupils

London Councils' analysis shows that although the primary shortfall is projected to decrease slightly, London will still need to create 62,935 new primary school places

to meet demand. However, from 2019/20, London's secondary shortfall will be larger than the primary shortfall for the first time in over a decade.

Map 1: Primary shortfall



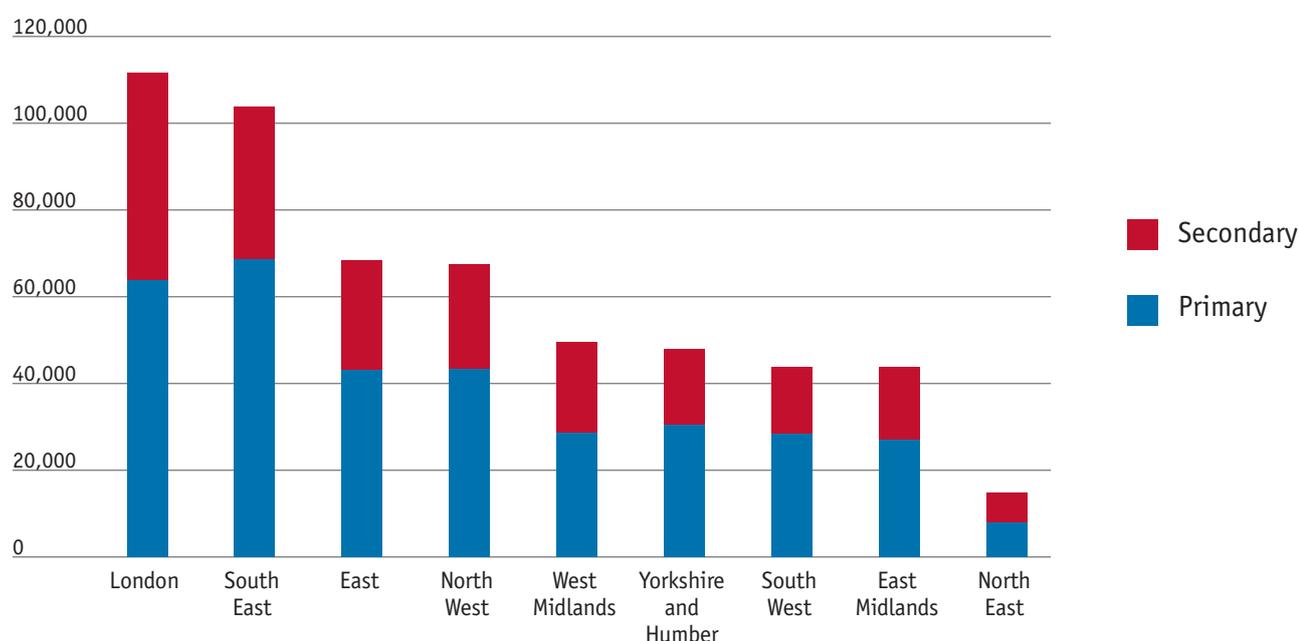
Map 2: Secondary shortfall



The school places challenge in London will therefore increasingly focus on secondary level and secondary will make up 60 per cent of London's shortfall in 2021/22, compared to just 10 per cent in 2016/17. Over the whole period, secondary places make up 43 per cent of London's shortfall, compared to 37 per cent in the rest of the country. London also continues to experience the highest shortfall of any region across both primary and secondary (figure 5), with 20 per cent of the national shortfall.

In England as a whole, there will be an overall shortfall of 547,200 places between 2016/17 and 2021/22. The total England shortfall will grow from 71,000 in 2016/17 to just over 100,000 in 2021/22.

Figure 5: school places shortfall by region (2016/17 to 2021/22)



Special educational needs and disabilities

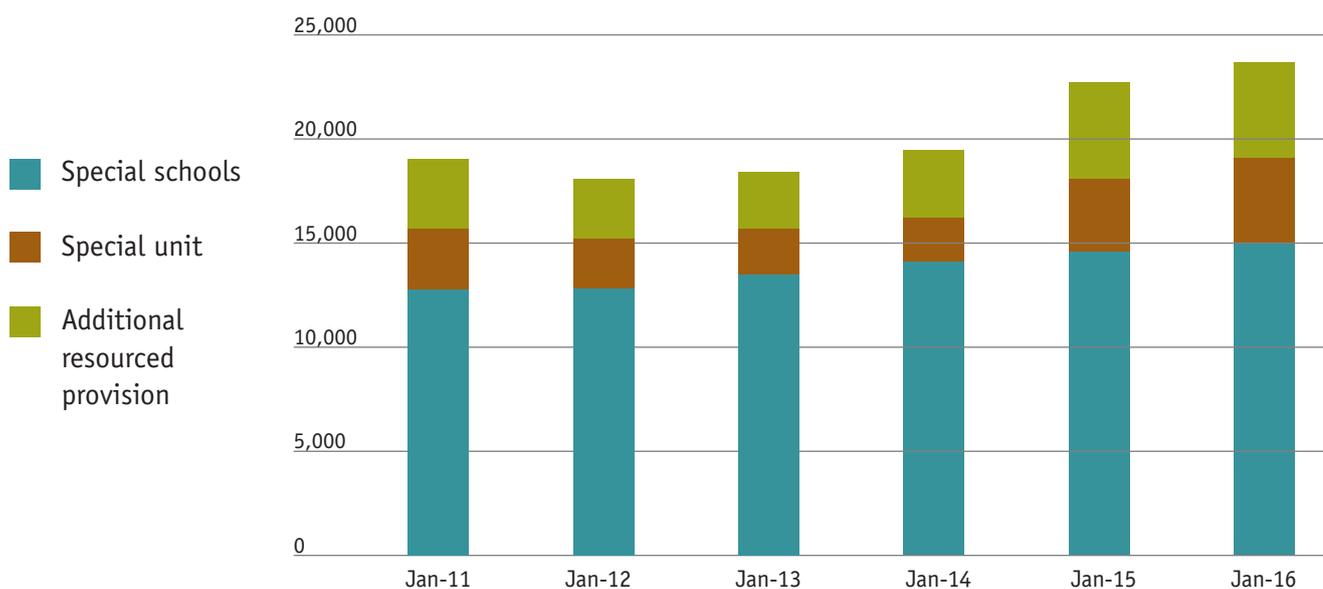
The local authority duty to secure sufficient school places provision applies to all children, including those with Special Educational Needs and Disabilities (SEND). For these children, extra or specialised provision may be needed in order to access education. For example, a child in a wheelchair would need a school with step-free access, as well as corridors and doors wide enough for a wheelchair to easily pass through.

Planning for SEND places requires an understanding of the existing needs of local children with special educational needs, likely future trends and analysis of whether local schools have the facilities as well as specialist services needed to support these pupils' access to education. Securing school places for children with SEND therefore requires overcoming different challenges and complexities compared to planning mainstream primary and secondary school places.

London has experienced a very rapid increase in demand for SEND places in recent years, far exceeding growth in other regions and among London's mainstream population. Between January 2011 and January 2016⁵, the number of pupils educated in dedicated SEND places in London rose 23 per cent from 18,880 to 23,127, over twice the 10 per cent growth rate in the rest of England.

The majority of dedicated SEND places continue to be provided by dedicated special schools, but there has also been strong growth in dedicated SEND places provided in a mainstream context. Special units and additionally resourced provision (ARP) provide dedicated SEND places within a mainstream school, catering for a specific type of SEND need. ARPs provide SEND places predominantly within mainstream classes – although pupils may still require specialist facilities – while special units mainly provide separate classes to meet SEND need.

Figure 6: London dedicated SEND school places



⁵ Consistent data begins in January 2011

Table 2: Growth rates by type of school place: January 2011 to January 2016

	Special Units	ARP	Special schools	Mainstream
London	31.9%	28.3%	18.8%	10.6%
Rest of England	7.0%	-13.0%	15.3%	4.6%

Table 2 shows that between January 2011 and January 2016 all the main types of SEND school place provision saw an increase in the number of places created to meet demand. While the number of mainstream primary and secondary school places increased by 10.6 per cent in London during this time, school places in Special Units increased by 31.9 per cent. In fact, all types of SEND school places provision expanded at a faster rate than mainstream places.

Pressure on SEND places has been compounded by the very rapidly changing

characteristics of SEND pupils in special schools in London. Table 3 shows how the characteristics of pupils with SEND have changed between January 2011 and January 2016. For instance, the number of pupils with Autistic Spectrum Disorder has increased by 52.7 per cent and the number of pupils with physical disabilities has decreased by 35.7 per cent. As a result, boroughs have had to work with schools to ensure there is the appropriate provision to meet need locally. However, managing such changes is not straightforward and requires planning as well as adequate funding.

Table 3: London special school pupils by SEND type (Jan 2011 to Jan 2016⁶)

	2011	2016	Change	%
Autistic Spectrum Disorder	3175	4849	1,674	52.7%
Speech, Language and Communications Needs	625	828	203	32.5%
Severe Learning Difficulty	2630	3181	551	21.0%
Profound & Multiple Learning Difficulty	1270	1519	249	19.6%
Visual Impairment	215	228	13	6.0%
Specific Learning Difficulty	185	191	6	3.2%
Multi-Sensory Impairment	65	59	(6)	(9.2%)
Hearing Impairment	210	186	(24)	(11.4%)
Moderate Learning Difficulty	1905	1626	(279)	(14.6%)
Physical Disability	585	376	(209)	(35.7%)

Source: Special educational needs in England, DfE

⁶ Behaviour, Emotional and Social difficulties (new category from 2015) and other excluded, so does not reconcile exactly with the totals in figure 6

The distinctive challenges of providing sufficient SEND places are not currently recognised by the school capital funding system and London has been disproportionately affected. The lack of a sophisticated funding mechanism to capture the complexities of funding SEND places coupled with the disproportionality of SEND children in London in comparison with elsewhere in the country means that London has been and continues to be considerably underfunded for SEND places.

The government recently announced a £200 million funding pot to support local authorities to create new school places for children with SEND, which is yet to be allocated. It is vital the government urgently allocates this funding to support boroughs to create new SEND school places, given the rising demand for places. Additionally, London Councils is calling for DfE to release more funding to fully meet the cost of delivering sufficient places for SEND pupils.

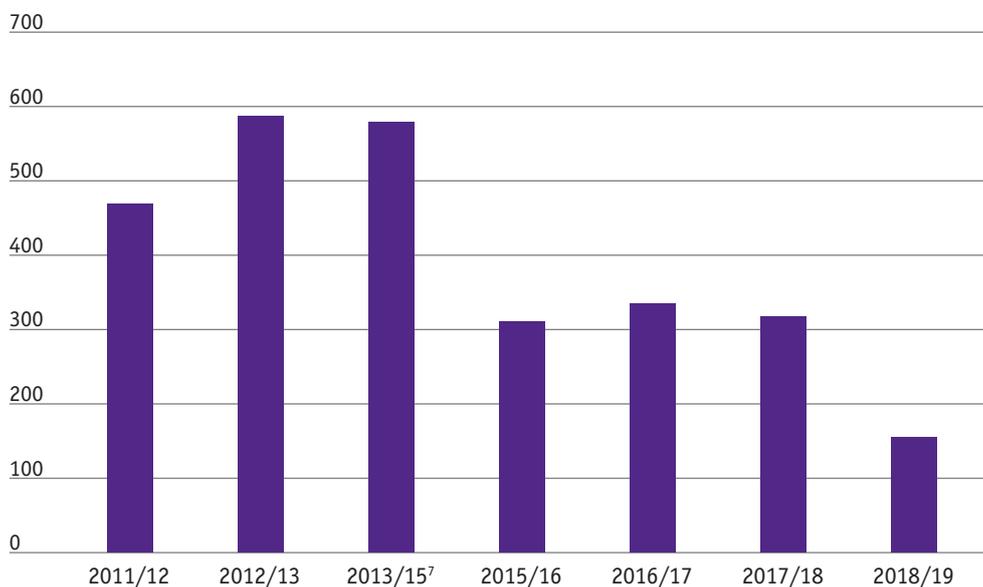
Funding streams – Basic Need

The DfE allocates Basic Need funding each year to local authorities to ensure there are sufficient school places in areas of need. Local authorities are able to use this funding to expand existing schools, including maintained and non-maintained, and fund the establishment of new Free Schools in areas of need.

To support local authorities to plan ahead and provide surety of funding, in December 2013, the DfE introduced three-year Basic Need allocations. Local authorities currently know their Basic Need allocations up to 2018/19.

London has seen its share of Basic Need funding decrease, both as a percentage of the overall quantum, and also in cash terms, despite having the greatest shortfall of places and increasingly expensive school expansion projects. Figure 7 shows that London's share of Basic Need funding has fallen from a high of £589 million in 2012/13 to just £155 million in 2018/19, a 74 per cent reduction. In fact, as part of the 2018/19 Basic Need allocations, 13 London boroughs received no Basic Need funding at all despite evidence of a shortfall of places.

Figure 7: London Basic Need funding (£m)



The Basic Need shortfall methodology appears to underestimate London's shortfall. Basic Need allocations for the 2018/19 financial year are based on the calculated shortfall in academic year 2019/20, the critical year when the secondary shortfall rapidly

intensifies and overtakes primary. Even when the pipeline of new Free Schools is factored in, it is not clear why London's Basic Need funding should have halved in such a short time period.

7 A single pot of £1.6bn was allocated to local authorities for the 2013/14 and 2014/15 financial years. London was allocated £576m of the total pot.

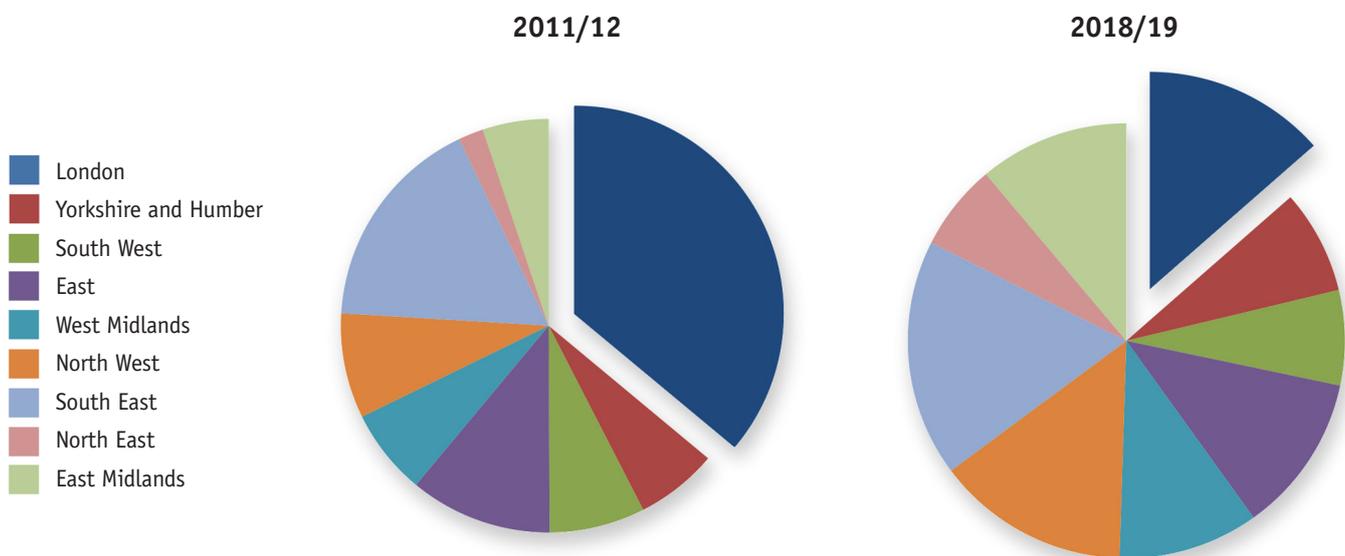
The DfE negotiated with the Treasury a fixed Basic Need funding pot of £7 billion between 2015 and 2021, of which £4.8 billion has already been allocated. As school places pressures increasingly emerge in regions outside of London, this will inevitably lead to more funding being diverted away from the capital, despite ongoing places pressure in London. While London received a 42 per cent share of national funding in 2012/13, it will receive just 14 per cent of the national total in 2018/19 (figure 8).

Without increasing overall funding, an insufficient Basic Need funding pot will

redistribute funding between different regions without fully meeting the need in any region.

London Councils' analysis, combining shortfall analysis with cost per place analysis, suggests that £517 million would be needed to meet the shortfall in the academic year that 2018/19 allocations notionally fund, over three times the £155 million allocated. Basic Need allocations from 2019/20 onwards would therefore need to be multiple times higher than 2018/19 allocations to meet the cost of providing sufficient school places in London and address the under funding that has already been built into the system.

Figure 8: share of Basic Need grant by region

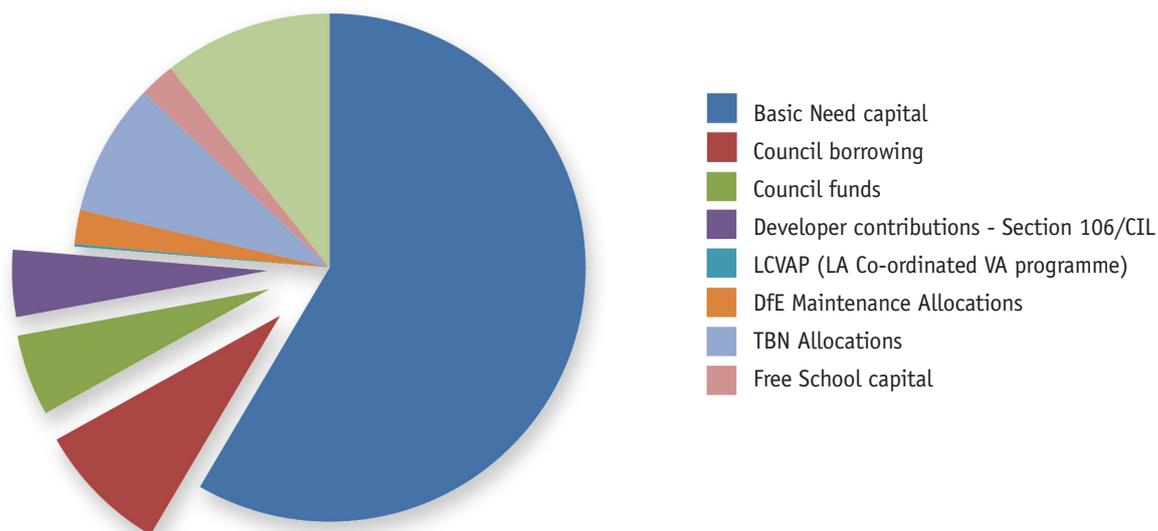


The overall DfE capital budget which covers all funding streams such as maintenance, Free Schools and Basic Need, has already declined from £7.3 billion in 2010/11 to £4.9 billion in 2015/16. Overall capital funding will decline further in cash terms over the course of this parliament to £4.6 billion in 2020/21.

The transparency of Basic Need allocations has improved in recent years, but the full sources, assumptions applied, methodology and calculations behind each local authority's allocation are not publicly available and replicable. At present it is not clear why London's Basic Need allocation has reduced so significantly. London Councils is calling for full transparency from the DfE on Basic Need allocations, including publishing provisional allocations to give local authorities more time to plan effectively with the resources provided.

Other funding streams

Figure 9: London school places funding streams (2010/11 to 2016/17)



Between 2010/11 and 2016/17, Basic Need funding covered 58 per cent of the cost of providing new school places in London, based on London Councils' analysis of boroughs' annual school capacity survey (SCAP) returns. Targeted Basic Need funding in 2013-15 provided a further 8 per cent of funding, a time limited programme whereby boroughs were invited to bid for funding and all projects needed to be complete by September 2015. Local authorities must therefore draw on other funding streams to be able to provide sufficient school places.

A Free School capital pot is available from central government to fund the creation of new schools, although the size of this funding pot is unknown. New school providers are able to apply directly for funding out of the Free School capital pot; the main purpose of

these schools is to provide additional choice rather than meet a shortfall of school places⁸. Where a new Free School opens to meet basic need, local authorities are expected to fund new Free Schools out of the Basic Need grant.

At a Public Accounts Committee hearing in 2010, the Department for Education committed to fully fund the cost of creating new school places. This does not reflect the experience of London boroughs, which continue to provide significant funding from their own resources.

Between 2010/11 and 2016/17, boroughs topped up central funding with £239 million of borrowing and £147 million of council funds, amounting to a combined 14 per cent of capital spend.

⁸ Free Schools entirely funded out of the Free School pot are not included in borough SCAP returns and therefore cannot be included in this analysis; by definition, the main purpose of these schools is to increase choice rather than to meet basic need.

Any funding diverted from general council funds reduces the amount available to fund other council services, in the context of disproportionate funding reductions for local government. As core settlement funding to boroughs falls by a further 37 per cent in real terms between 2015/16 to 2019/20, it will become increasingly difficult for local authorities to subsidise the creation of new school places at the same time as delivering other priority services, such as adult social care.

Insufficient Basic Need funding has meant local authorities have had to use their own resources to fund new school places but also be creative with other funding streams. For instance, boroughs effectively negotiated developer contributions through section 106 agreements, providing a further £120.5 million of funding for school places, but this is not a reliable funding stream and is not a substitute for adequate Basic Need funding. If the cost of providing school places was fully met by DfE as they have previously committed to, Section 106 funding/council resources could be used by local authorities to support other local priorities to meet community needs.

National data is not currently published on the scale of funding taken from individual school budgets to provide new schools places but, within the “other” category, several expansion projects were also funded by contributions from schools themselves.

Maintenance

There is an important relationship between the condition of schools, driven by past levels of maintenance funding, and the cost of providing school places. Insufficient funding for maintenance builds up higher costs for the future and can increase the cost of expansion projects.

School Condition Allocations are the largest maintenance funding stream, allocated to local authorities and large multi-academy trusts on a formulaic basis, using a flat per-pupil rate with additional funding for higher need.

As more straightforward school place expansion options are exhausted, it can sometimes be better value to demolish a poorly maintained building and rebuild it in order to provide additional school places. In other cases, improving the condition is an essential pre-requisite for expansion. London Councils’ analysis has shown that £61.2 million of maintenance funding was used by local authorities to meet the true cost of providing additional school places between 2010/11 and 2016/17.

Cost per place analysis

The cost of creating new school places is based on a number of different factors such as space, existing capacity of schools, labour and construction markets. According to London Councils' analysis of borough capital spend returns, the cost of creating a mainstream school place in London was £21,147 at primary level and £27,299 at secondary level in 2016/17 as shown in figure 11.

Although DfE Basic Need funding rates have risen significantly in recent years, the true cost of securing new school places in London is still not sufficiently being met. By 2018/19, London unit costs will be set at £16,752 at primary and £22,036 at secondary (based on a London Councils methodology

of weighting between inner and outer London rates), significantly lower than the actual cost.

Although the sample size is small in an individual year and different boroughs create school places in each year, borough data provides evidence of rising costs over time. This is likely to reflect both rising construction costs and the exhaustion of lower-cost expansion options, such as adapting spare and underused rooms into high quality classrooms. The slight decline in cost per place at secondary after 2016/17 is likely to reflect a small sample size, including a very large new secondary school, rather than a true fall in costs.

Figure 10: London primary cost per place

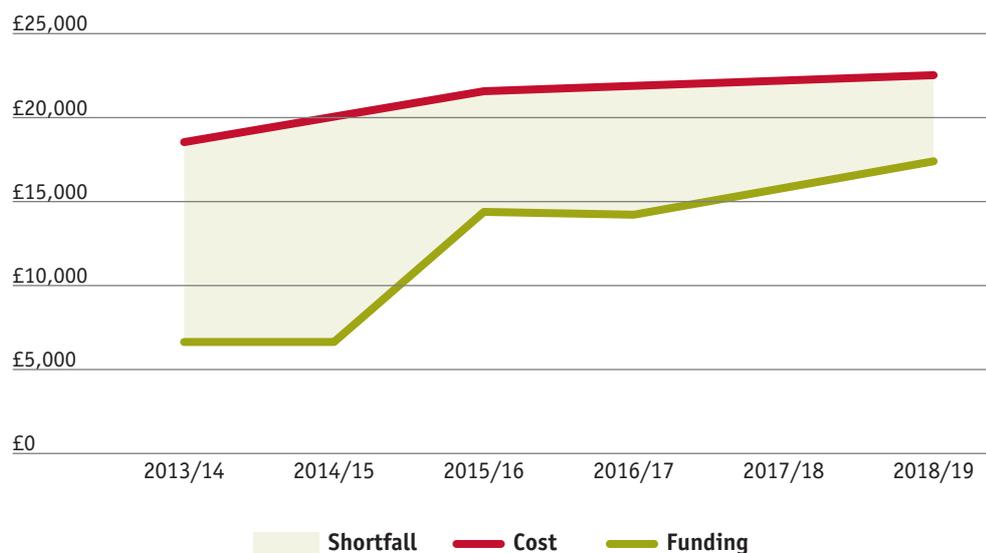
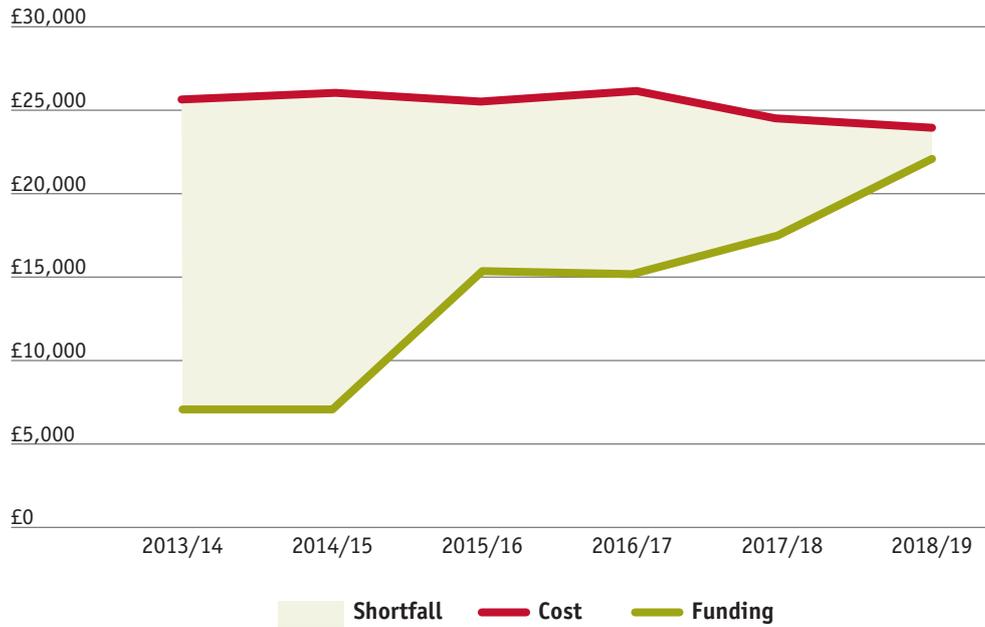


Figure 11: London secondary cost per place



Special educational needs and disabilities

The average capital cost of a special educational needs and disabilities (SEND) place is £69,701, around three times the average cost of a mainstream place. This average is likely to disguise significant variations in cost between special schools and units, different types of need, different age groups and locations. Several expansion and new school projects had a cost per place of over £200,000 due to the very specialist provision required.

A more granular understanding of the costs of providing places for SEND pupils is necessary to ensure funding is directed to the right areas.

Overall funding shortfall

Combining the cost analysis and shortfall analysis, London Councils estimates that at least £2.6 billion will be needed to provide sufficient school places in London between 2016/17 and 2021/22.

£809 million of Basic Need has already been allocated to fund places in 2016/17, 2017/18 and 2018/19 (figure 5), leaving £1.8 billion still required to fully meet the cost of providing school places up to 2021/22. Given the downward trend in Basic Need funding for London and insufficient unit funding rates for the capital, it is unlikely that London will receive the capital funding required to fully fund its predicted increase in demand for places.

Basic Need funding for school places is allocated based on the shortfall in the next academic year but can be used flexibly to fund provision in any year. Lead-in times vary by project, but a typical lead-in time for a new average sized secondary school would be approximately three years. Some projects may take much longer. The funding shortfall therefore needs to be addressed urgently in the 2019/20 Basic Need allocations if boroughs are to meet their school place responsibilities.

Our shortfall figure is a very cautious estimate of need and the true figure will be even higher. The analysis uses the mainstream cost per place in 2016/17 without incorporating:

- Construction inflation, which is expected to rise by 28 per cent nationally over the next five years according to the Royal Institution of Chartered Surveyors, well above the general rate of inflation⁹. Regional forecasts consistently predict that construction costs will rise even faster in London than the rest of the country¹⁰.
- Rising costs as lower-cost projects are increasingly exhausted
- The significantly higher cost of SEND places and rising SEND demand

9 Royal Institution of Chartered Surveyors (RICS), <http://www.theconstructionindex.co.uk/news/view/tender-prices-to-rise-28>

10 <http://www.macegroup.com/sites/default/files/RPT-15.07.28-UK-TCU.pdf>

Free Schools and need

The primary policy objective of the Free Schools programme is to offer additional choice within the system rather than meet a shortfall in places. However, the DfE has recently added demand to the list of criteria used to assess new Free School applications.

However, this does not mean that local authorities are automatically consulted on Free School developments, despite their statutory responsibility for providing sufficient places.

According to the most recent available data, 383 Free Schools have been set up nationally since the programme was announced in 2010, with 115 Free Schools open in London.

London Councils undertook analysis of all existing secondary Free Schools opened in England by local authority area between 2010/11 and 2019/20 and compared to DfE data on pupil growth (see appendix 1 for methodology applied).

The analysis revealed that, of the 201 new secondary Free Schools opened in England in that period:

- 120 Free Schools were in areas of above average growth
- 81 Free Schools were in areas significantly below or below average pupil growth (40 per cent)
- 32 schools were in areas of significantly below average growth
- Amongst the 69 Free Schools significantly below average, 17 were in areas where secondary pupil numbers are expected to fall between 2010/11 and 2019/20.

Table 4: Open London Free Schools

School type	Total
Primary - mainstream	57
Secondary - mainstream	23
All-through - mainstream	7
16-19 - mainstream	6
Alternative provision	8
Special schools	6
Studio school	4
University technical college	4
TOTAL	115

Table 5: New secondary Free Schools in England

Scale of pupil growth in local authority of Free School	Number of open Free Schools	% of total
Significantly below average	32	15.9%
Below average	49	24.3%
Above average	51	25.3%
Significantly above average	69	34.3%

Addressing forecast local need is not a formal objective of the Free Schools demand-led programme, but is one of the Department's wider priorities for capital spending. The government has pledged to create 500 Free Schools in the course of this parliament. More closely aligning these new Free Schools with areas of demand would make a more effective contribution towards reducing London's school place shortfall.

The secondary challenge

Securing sufficient school places is a local authority statutory duty and London boroughs have been exemplars at meeting rising demand for primary school places. As London's primary pressure feeds its way through to secondary schools, there will be a need to secure new secondary school places to meet demand. However, as the complexities and challenges associated with secondary provision are different to primary provision, new approaches will be needed.

At the most basic level, secondary schools tend to be larger than primary schools. In order to provide a sustainable, broad and balanced curriculum there is a presumption by government that primary provision should have at least two forms of entry of 30 pupils, and secondary provision have at least four forms of entry of 30 pupils.

As this is the minimum requirement, many schools across the country have more forms of entry. It is not uncommon to find secondary schools that are operating six or eight forms of entry to meet the needs of its local population. Across England, the average secondary school has a pupil population of 940 and in London this is higher at 1,000.

London secondary schools are, on average, two forms of entry larger than the national average to meet the needs of its existing pupil population. As a result, many London schools are now operating at maximum capacity. According to DfE published school capacity data for the academic year 2014-2015, 16 per cent of all London secondary schools are either at full capacity or have at least one pupil in excess of capacity. Yet, further places will be needed to meet projected rises in the future as the primary pressure works its way up through the school system.

While some of the demand will be met through schools with existing capacity and redesigning schools operating at maximum capacity, new schools will be needed in some areas, particularly when existing capacity across the London secondary school estate may not be available in Year 7, the academic year where the school places are needed.

Curriculum complexities

A school curriculum directly impacts on the type of classrooms and equipment needed to teach pupils. The primary curriculum is based on providing pupils with the foundations to go on to in-depth and detailed studying. As a result, a single primary classroom can be used to teach a variety of subjects such as maths, science, art and design with no need for purpose-built, subject-specific rooms. This has meant school expansions can be relatively low cost and done within a short timeframe, as it would require a single classroom to accommodate 30 primary pupils.

At secondary level, to equip young people with the skills and knowledge needed in the world of further and higher education as well as employment, the curriculum is very different. It offers more in-depth and specialist learning to pupils across a breadth of subjects.

This means secondary school expansions need to be met with appropriate staffing levels, and crucially, the right mix of classrooms. Having designated rooms for subjects such as science, art, design and food technology to ensure pupils are able to learn in the environments with the necessary equipment is essential. These are factors that also need to be considered when any new schools are built.

For existing schools, particularly those operating near full capacity, expansions by a single form of entry are not always straightforward. For instance, it will mean reviewing the entire school and identifying whether additional specialist rooms are needed alongside multi-purpose rooms to provide the same curriculum offer to all pupils. Therefore, the cost of expansion can quickly escalate and, in some cases, projects can be jeopardised where there has not been sufficient planning and negotiations with school leaders.

Location

While location is a key issue to consider in primary expansion, it is less so for secondary schools. As pupils grow older they become more mobile and are able to travel further to attend a school of their preference. On average, a secondary school pupil will travel 1.24 miles to attend a school of their choice, which is more than double the distance a primary aged pupil travels at 0.45 miles.

The proximity and compactness of London mean that these distances, while relatively short, can result in a pupil attending a school outside of the borough they live in – this is known as cross-border movement. Recent Department for Education data has shown that 20 per cent, 80,000 pupils, attend a secondary school in London that is outside of their home borough – the local authority area they live in. This is a reflection of both the choice of schools available to pupils and also their willingness to travel to attend a school of their preference.

London's transport system and established routes enable pupils to travel distances across the capital relatively easily. Buses are free to use for 11 to 15 year-olds and

train use is subsidised, all of which enable pupils to travel across the capital to attend a school of their preference. While traditional cross-border movement patterns are well established, the house building programmes underway in London will create new demand and the need for new schools.

Land

Under current government arrangements to build Free Schools, sites are purchased by the Education Funding Agency (EFA) as part of setting up a new school. Unfortunately in London there is limited land available for development and there are often competing priorities for its use when sites are found, such as housing. The need to preserve green spaces also greatly restricts the possibilities of using open land for schools. So identifying suitable sites is increasingly difficult.

Once a site is identified, it is often very difficult to purchase the land required because commercially profitable uses, such as housing or hotel accommodation, can raise prices beyond a reasonable cost-per-place provided, which the EFA currently regards as a maximum of £20,000. The Free Schools programme is the main funding route to purchase school sites with government funding. Basic Need funding does not include site funds. As a result, any purchasing of sites for new schools or expanding schools often requires the local authority to purchase land with their own resources.

Build times

The lead-in times for secondary schools to acquire sites, complete planning requirements and undertake any building work means that it can be at least three – and often four or five – years before a new school is

ready to take in pupils. This means that a secondary school approved this year would optimistically be taking in pupils in 2020.

Other challenges

There are a number of other issues that local authorities need to take into account when planning places:

- The London Plan requirements are designed to raise standards in the capital but these can sometimes be higher than national build requirements. Where this is the case, the higher standards remain unfunded with local authorities forced to meet any shortfall, including meeting BREAM standards and providing new facilities such as bike sheds – these represent additional costs as part of planning new school provision.
- Applying for the change of use of public open space to build new schools is a difficult and lengthy process that requires approval from a variety of organisations and can have significant political implications both locally and London-wide. This can delay the process and add cost to plans.

Conclusion

London local government and schools have been able to cope with meeting the demand for new places over the past decade through considerable effort and resource. The scale of the emerging challenge of delivering necessary new school places in secondary schools will require more collaborative and innovative approaches, but it is a challenge that London local authorities are committed to overcoming. It is important that central government and other partners work closely with the boroughs in order to achieve this.

However, funding for new school places continues to be an issue. It is vital that Basic Need funding for school places is targeted at those areas most in need and is provided in a timely manner in order to enable local authorities to build new school places in sufficient time to meet this need. The Department for Education has made efforts to map the true costs of building school places across the country in recent years and have increased their costs accordingly. However, in London Basic Need funding levels are still insufficient to meet the actual costs of building school places.

It is not clear why London's share of Basic Need funding for school places has decreased so significantly in recent years. London received a 42 per cent share of national funding in 2012/13 but will receive only 14 per cent of the overall pot in 2018/19 despite consistently experiencing similar levels of demand. It is important that the DfE is transparent in its calculations and shares provisional allocations with local authorities to address any discrepancies and enable them to plan more effectively.

Identifying suitable sites is also becoming one of the most difficult obstacles to

overcome in order to deliver sufficient places in London. The high cost of land in London is compounded by the scarcity of appropriate sites in areas of high demand for places and competition for suitable land, which drives up costs further. It is unhelpful that Free Schools in London are not currently prioritised in areas of need, given the shortage of funding and available sites. In addition, the EFA needs to work with local authorities when acquiring land for new Free Schools to take into account demand for places and to ensure that sites are suitable.

The government has made available an additional £200 million for SEND places nationally, in recognition of the higher costs of funding SEND places, which is welcome. However, this funding represents only a fraction of the cost of building SEND provision just in the capital. It is important that the government allocates this funding on a fair and transparent basis, and swiftly so that authorities can begin to secure the necessary places. But it is equally important that the DfE makes available more funding for SEND places as demand for these places is increasing in London and therefore there will need to be additional provision on an ongoing basis.

London Councils calls on the government to:

- Ensure that London receives a proportionate share of the basic need pot in line with its share of demand for places.
- Prioritise Free School approvals in areas of high demand for places.
- Ensure more strategic join-up between local government and the EFA on land acquisition to ensure better value for money.

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- Identify additional resources to more fully meet the cost of delivering additional SEND places across the country.
 - Be more transparent about how it allocates Basic Need funding to local authorities, including sharing provisional allocations with local authorities in advance of the final allocations.

Appendix 1 – Methodology

Shortfall analysis

The Department for Education (DfE) calculates the shortfall in school places by comparing the capacity in existing schools against the forecast number of pupils for a particular year at a planning area level.

Capacity data is taken from the annual school capacity survey (SCAP), while pupil numbers are taken from local authority forecasts of pupil numbers submitted to the DfE.

Local authority forecasts project the future pupil population using the local knowledge of 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.

Some local authorities in London also use demographic analysis by the Greater London Authority (GLA) as a basis or comparator to their modelling. Forecasts by London boroughs have consistently been within 2 per cent of actuals in recent years.

London Councils' shortfall methodology compares capacity against pupil forecasts in every academic year and planning area, differentiated by individual year group.

Each year, our methodology uplifts capacity to fully meet the previous year's places shortfall. This potentially under-estimates the

true shortfall because it assumes that enough funding will be made available at the right time to meet the places shortfall, despite the insufficient funding rates built into the system.

Our methodology models the capacity provided by new free schools as they fill up over time, rather than using the final intended capacity, and also allows any fluctuations within a funding period to be taken into account in the overall shortfall figure.

London Councils does not apply the 2 per cent uplift used by DfE to provide an operating capacity and encourage parental choice.

While secondary pupil forecasts are available up to 2021/22, primary pupil forecasts are only available up to 2019/20. London Councils has extrapolated local authority forecasts from SCAP underlying data to obtain primary pupil population figures for 2020/21 and 2021/22, allowing pupil numbers in previous years to feed through the system while adjusting for the trend over time.

Cost per place analysis

Local authorities are required to submit capital spend returns to the DfE as part of the annual school capacity survey. London Councils analyses these capital spend returns to derive the average capital cost per place for primary, secondary and SEND between 2010/11 and 2016/17. The time series graphs (figures 10 and 11) use three-year rolling averages.

Projects funded entirely out of the free school capital pot are not included in SCAP capital returns. As these set of schools are designed

to provide additional choice rather than meet a shortfall of school places, it is logical to exclude them from the analysis.

Free school need analysis

London Councils' analysis uses pupil growth between 2010/11 and 2019/20 as a proxy to assess how closely new free schools correspond with the need for new places.

While high pupil growth does not necessarily imply a shortfall of places, it is unlikely that new schools opening in areas of low pupil growth are in the areas of greatest need.

Local authorities were placed into four equal groups using three quartiles (the 25th, 50th and 75th percentile) based on pupil growth between 2010/11 and 2019/20:

- First quartile: 2 per cent growth
- Second quartile: 8 per cent growth
- Third quartile: between 15 per cent growth.

Every open Free School was then placed into four corresponding categories:

- Significantly below national average (pupil growth of less than 2 per cent)
- Below national average (pupil growth between 2 per cent and 8 per cent)
- Above national average (pupil growth between 8 per cent and 15 per cent)
- Significantly above national average (pupil growth greater than 15 per cent)

The number of Free Schools in each category was then calculated, producing the output in table 5.

Sources

Pupil growth

School capacity surveys (2010/11 to 2014/15), DfE: <https://www.gov.uk/government/collections/statistics-school-capacity>

Capacity growth

School capacity survey (2014/15), DfE: <https://www.gov.uk/government/publications/school-capacity-academic-year-2014-to-2015>

Capacity shortfall

London Councils methodology based on:

- *School capacity survey (2014/15)*, DfE: <https://www.gov.uk/government/publications/school-capacity-academic-year-2014-to-2015>
- Free schools: open schools and successful application, DfE: <https://www.gov.uk/government/publications/free-schools-open-schools-and-successful-applications>

SEND

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Basic need

Basic need allocations 2011/12 to 2018/19, DfE: <https://www.gov.uk/government/publications/basic-need-allocations>

6. and 7. Other funding streams and cost per place analysis

SCAP Capital spend returns, London boroughs

8. Overall funding shortfall

London Councils methodology: 7. Cost per place analysis combined with 3. Capacity shortfall

9. Free schools and need

Free schools: open schools and successful application, DfE: <https://www.gov.uk/government/publications/free-schools-open-schools-and-successful-applications>

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design: pinsentdesign.com
images: Photofusion
publication date: September 2016

www.londoncouncils.gov.uk/do-maths-2016