

Do the Maths 2018

London's school places challenge



November 2018



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Executive Summary

Do The Maths 2018 is London Councils' annual report on the pressures facing the school places planning system in London. This report outlines London Councils' analysis of the current and predicted shortfall of places across London over the next five years and sets out the policy context for local authorities in delivering sufficient places to meet this demand.

Demand for mainstream provision

Demand for school places in London has risen significantly over the past decade, at a faster rate than in any other region of the country. While London has experienced a high demand for primary school places for a number of years, this demand is now shifting to secondary level as pupils reach secondary school age. Current projections highlight a shortfall of 45,355 places across primary and secondary schools in London until 2022/23, with the majority as secondary level.

Meanwhile, London has seen a reduction in the birth rate of 6 per cent since 2012/13. This is likely to impact on the number of places needed in primary schools in the coming years.

Local authorities have welcomed the increase in Basic Need funding that they receive for the delivery of new school places. However, a recent London Councils survey showed that local authorities are still using other funds to meet the gap between Basic Need allocations and the cost of creating school places. Our analysis reveals that a further £800 million will be required before 2022/23, either through basic need funding or via funding new free schools, in order to meet demand for new places. The Department for Education (DfE) has announced allocations until 2020/21, and local authorities would

welcome the opportunity of working with the Department to ensure that the allocations in the two years following that date will meet the shortfall in funding.

Meeting demand through expansion and free schools

While there is a significant shortfall in places at secondary level, local authorities have plans in place to meet this demand. Fifty five per cent of places required in London over the next five years are considered secure. Two thirds of the new places that are currently being planned are expected to be met by free schools.

The most recent wave of free schools announced by the Department for Education (DfE), Wave 13, targets applications for free schools in areas of the country where there are low performing schools and, in some cases, no demand for school places. This precludes London boroughs, which are high performing, from applying for new free schools to meet their upcoming demand at secondary level. Therefore London boroughs are keen to work with central government on the criteria for future free school waves, to ensure they address issues such as demand as well.

The remainder of new places in London will be met by expanding existing schools. There are several challenges for local authorities in creating places this way, including site constraints in the capital, the insufficiency of basic need funding, and issues with some academies refusing to expand. Given that academies account for 69 per cent of London's secondary schools, meeting demand for school places in many boroughs relies on local authorities and academies working collaboratively together on expansion

projects. In many cases, academies are cooperative and support the meeting of demand for school places. However, in the small number of instances where this is not the case, councils would like to work with DfE to ensure that academies are held to account in the same way as maintained schools and can also be directed to expand, where there is urgent demand and they have capacity.

Special Educational Needs and Disabilities and Alternative Provision

While the shortfall for mainstream school places across London has reduced, the demand for places for pupils with Special Educational Needs and Disabilities (SEND) is increasing dramatically. The number of pupils with Education, Health and Care Plans (EHCPs), requiring specialist provision to meet their needs, has risen by 29 per cent since 2010 in London, and the complexity of these needs is increasing. Local authorities are committed to providing high quality school places for children with SEND. These places cost an average £67,043 per place, which is around three times as much as a mainstream school place.

A London Councils' survey revealed that all but one London borough had a shortfall in their high needs budgets in 2017/18, amounting to a £78 million shortfall across the capital. Furthermore, local authorities overspent on transport for children with SEND by on average £1 million per borough in 2017/18. One of the key ways in which London boroughs are planning on reducing this shortfall is through creating more high quality local provision. This will reduce the revenue spent on expensive independent and out-of-borough provision, and will also lead to savings in SEN transport budgets by reducing students' travel times. This is in line

with the DfE's own approach, which involves investing to support local authorities to build more local provision. The Department has provided a welcome £265 million SEND capital fund for all local authorities until 2020/21, and is in the process of running its second special free schools wave.

London boroughs are aware that the DfE is working to devise a formula to allocate capital funding for SEND in a more reliable way, and would be keen to work with government to ensure that this formula is as accurate as possible, by sharing data on demand and costs of SEND provision. There has also been considerable interest from London boroughs in the special free schools waves, and we would encourage the DfE to hold these as frequently as is feasible, given the high level of demand for specialist provision and the significant savings it can release in the high needs block.

Further Education (Post-16)

The demand for secondary school places will reach further education in a few years, as all 16 year olds must remain in education or training until the age of 18. Recent and upcoming developments such as the introduction of T levels, the increase of young people above the age of 16 with an EHCP, and changes to GCSE and A Level examinations, will affect where students decide to study and, thus, where demand is likely to be greatest in the future. Local government is committed to remaining responsive to these developments.

Key Facts

- London has seen the largest increase in total pupil numbers of any region. Total pupil numbers increased by 13 per cent across London between 2010/11 and 2017/18, compared with 8 per cent nationally.
- 45,335 new school places will be required in London over the next five years, with three quarters of these at secondary level.
- Basic Need allocations from central government have only met 70 per cent of the costs incurred by councils in creating new school places between 2010/11 and 2022/23.
- 55 per cent of new forms of entry that will be required over the next five years in London are secured
- 55 per cent of demand for places over the next five years is expected to be met by free schools.
- 84 per cent of local authorities highlighted that identifying appropriate sites is a key challenge in delivering new free schools.
- The number of pupils with Education, Health and Care Plans has risen by 29 per cent since 2010, which is double the increase in the general pupil population in this time period.
- The average cost of creating a dedicated school place for a pupil with SEND is £67,043, which is around three times the cost of creating a mainstream place.
- 32 out of 33 boroughs collectively spent £78 million more on high needs than received from central government.
- 11 out of 25 London boroughs are planning on putting in an application to the next special free schools round, two thirds of which have already identified a site for the new school.
- 85 per cent of London boroughs are predicting an increase in demand for alternative provision over the next five years.
- The 16 to 19 population is expected to increase by 23 per cent from 2020 to 2030.

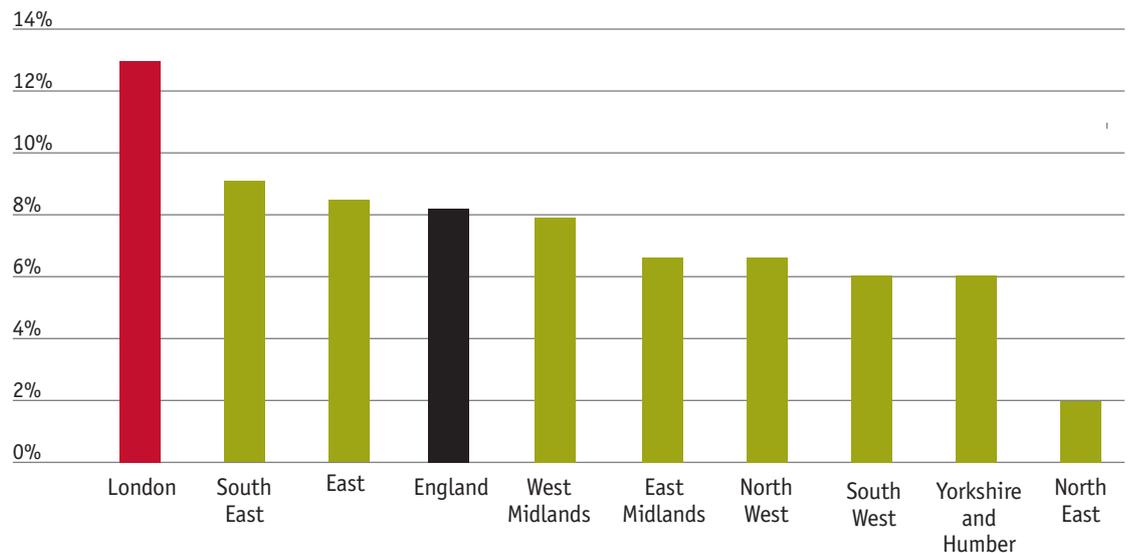
Mainstream Schools - shortfall

Each year, London Councils produces an estimate of the number of new mainstream school places required to meet demand in the capital. This section outlines the recent trends in pupil numbers and the predicted shortfall in future years. Unlike previous Do The Maths publications, this year's analysis is based on aggregating individual borough's most recent shortfall estimates. The reasons for this are explained in the Methodology section below.

Pupil numbers

Since 2010/11, London has seen the largest increase in total pupil numbers of any region. From 2010/11 to 2017/18 total pupil numbers increased by 13 per cent across London, compared with 8 per cent nationally (figure 1).¹

Figure 1: Pupil growth by region (2010/11 to 2017/18)



This growth has occurred at both primary and secondary level. From 2010/11 to 2017/18, the number of secondary school pupils increased by 11 per cent in London, compared with a 2 per cent decrease across the rest of England². Over the same period, primary pupils increased by 14 per cent (figure 2).

As Figure 2 shows, overall demand for primary places has started to level out between 2016/17 and 2017/18. One key reason for this is the significant drop of 6 per cent in the birth rate from its peak in 2012/13 in London (figure 3).

1 Source: School Census data, DfE, <https://www.gov.uk/government/collections/statistics-school-and-pupil-numbers>

2 The rest of England is calculated by subtracting the London pupil numbers from the England pupil numbers

Figure 2: Cumulative pupil growth at primary and secondary level

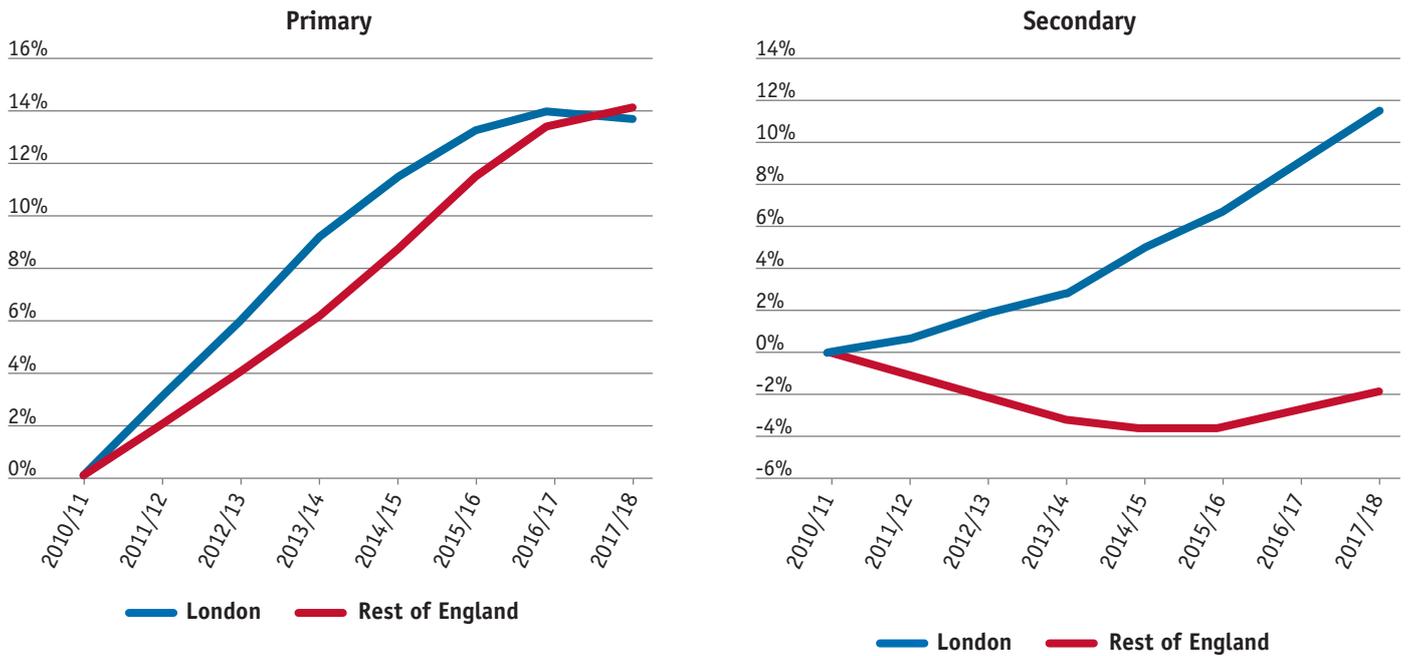
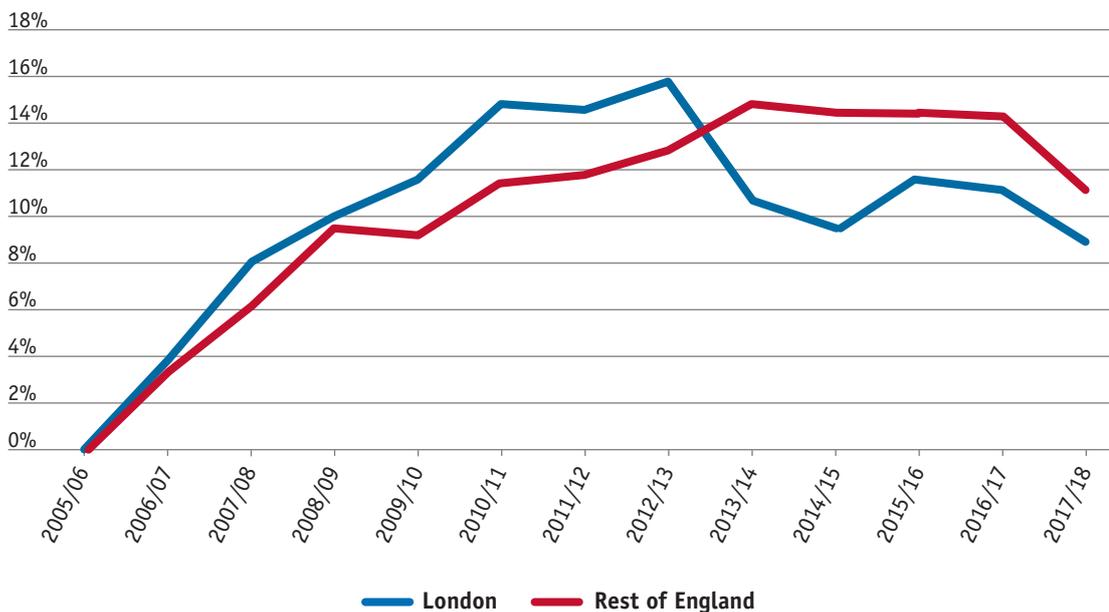


Figure 3: Change in total number of births (2005/06 to 2017/18)



Main shortfall

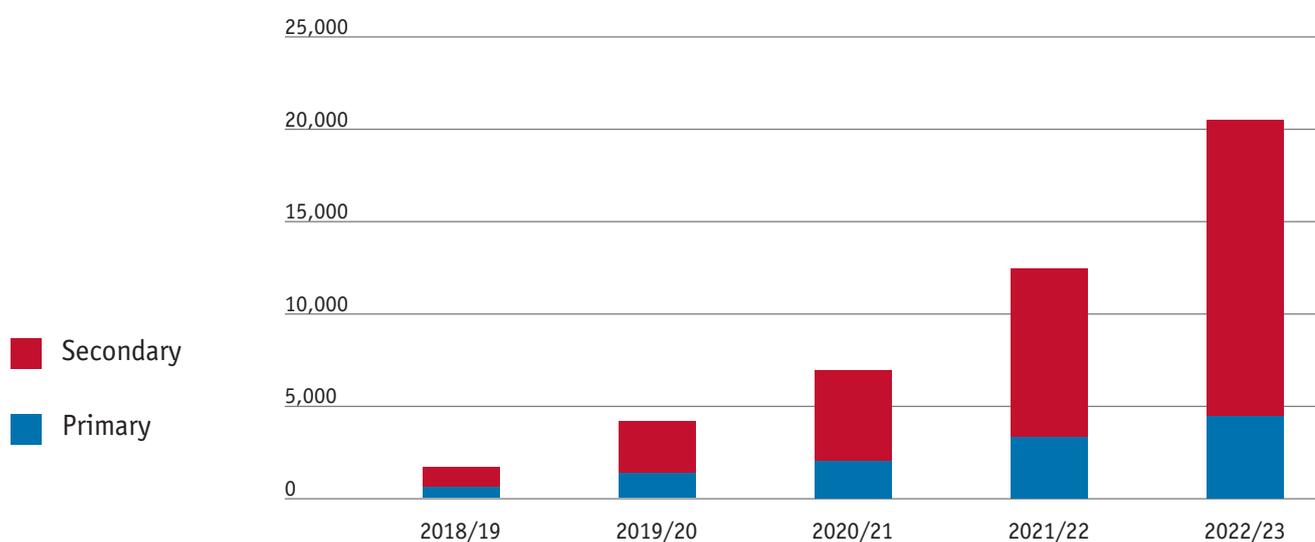
Using boroughs' shortfall estimates, a total of 43,335 new school places will be required in London over the next five years. Demand is increasingly focused on more costly

and complex secondary phase, with three quarters of these places needed at secondary compared to a quarter at primary. Secondary shortfall is set to overtake primary demand this year (table 1 and figure 4).

Table 1: London shortfall by year

	2018/19	2019/20	2020/21	2021/22	2022/23	Total (18/19 to 2022/23)
Primary	510	1,338	1,803	2,920	4,557	10,928
Secondary	971	2,955	5,219	9,387	15,875	34,407
Total	1,481	4,093	7,022	12,307	20,432	45,335

Figure 4: London school places shortfall by year



Although the London wide picture is that of increasing shortfall, this is not a consistent trend across all boroughs. Indeed, some boroughs do not face a future shortfall using current estimates. Other boroughs may have an overall surplus of places at primary level, for example, due to the reasons highlighted above, but experience pressure on places in a particular area of the borough.

The heat maps below (see figures 5 and 6) show the variation in forecast shortfall across the London boroughs at both primary and secondary over the next five years. These maps highlight that there a mixed picture of demand across different London boroughs at both primary and secondary level.

Figure 5: Primary shortfall 2018/19 to 2022/23

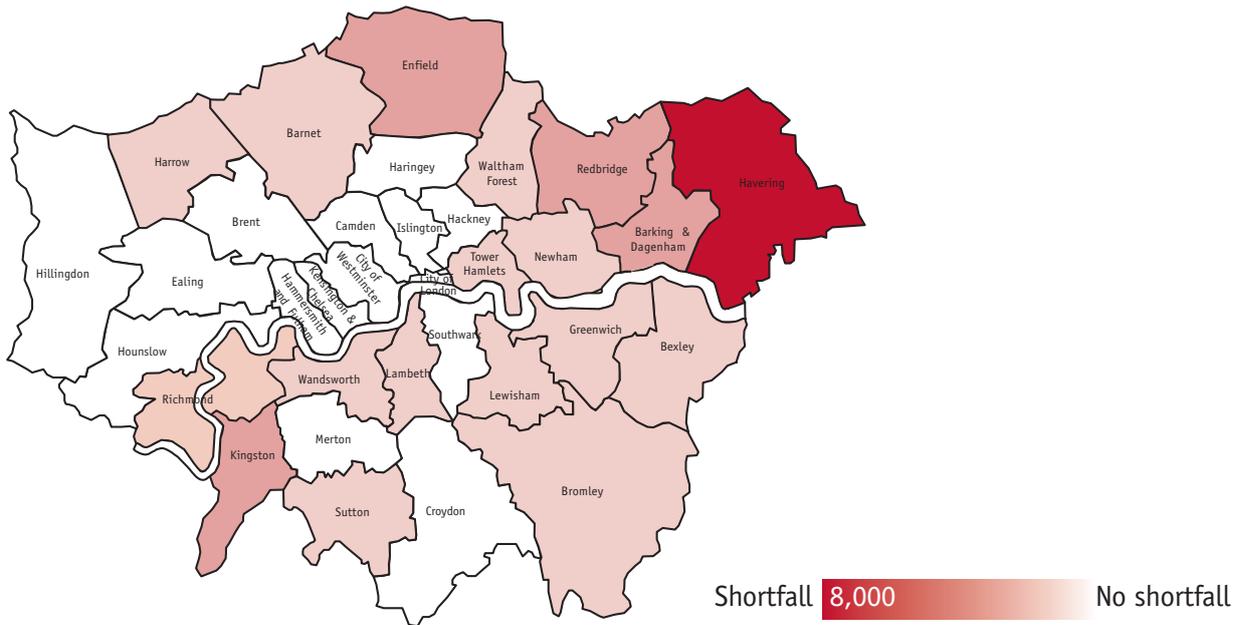
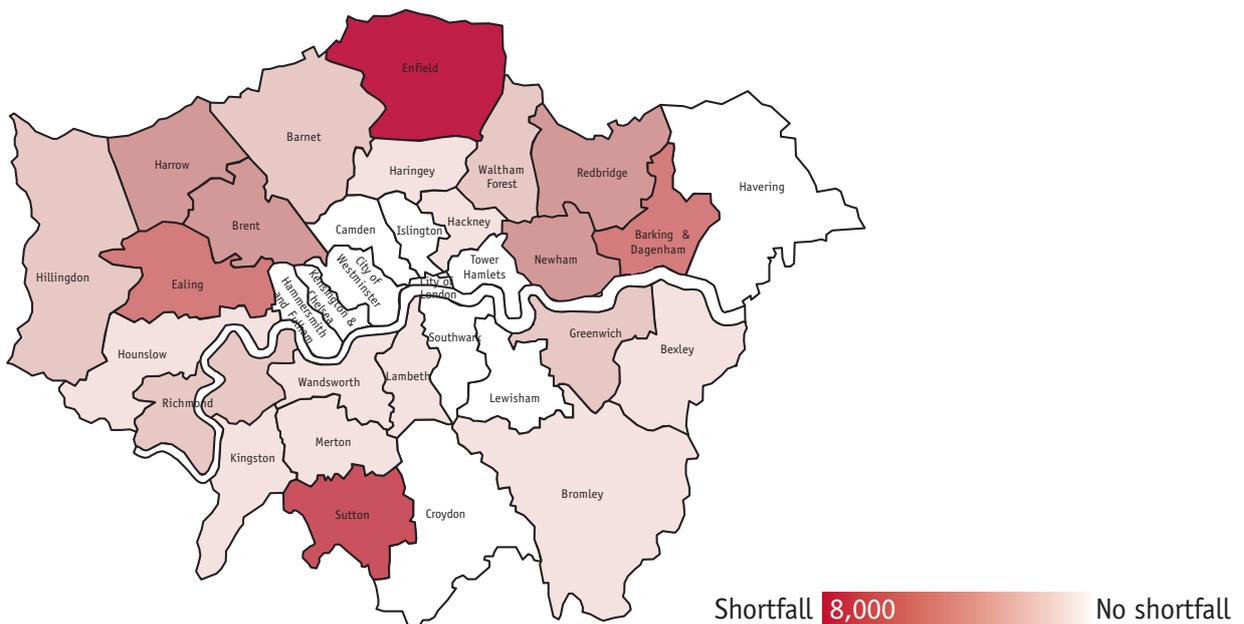


Figure 6: : Secondary shortfall 2018/19 to 2022/23



These heat maps show the total of those planning areas reporting a shortfall and do not include planning areas with a surplus. This is because a surplus in one planning area will not necessarily be able to offset a shortfall in another. This means that local authorities may be experiencing surplus in a number of planning areas but still be showing a shortfall on the heat maps.

Estimating future shortfall numbers and adjusting capacity as necessary is a significant challenge for boroughs. Cross border movement adds to the complexity of demand for school places, with regeneration/ housing developments, popularity of schools and neighbouring borough shortfall/surplus among the main reasons for fluctuating migration. Boroughs maintain regular communication with neighbouring authorities to manage demand, and inform capacity expansion.

While the figures show a shortfall of places over the next five years, boroughs have plans in place to meet this demand. This is explained further in Section 3.

Methodology

In previous years, the analysis and modelling to estimate the places shortfall in London in the *Do The Maths* reports has been based on the School Capacity Survey (SCAP)³ published by the Department for Education. However the analysis in *Do The Maths 2018* is based on boroughs' own latest forecasts of shortfall at primary and secondary level for each planning area. Boroughs submitted data to London Councils for *Do the Maths 2018* using local capacity calculation methodologies,

including PAN capacity and methodology used in the SCAP returns. Similar to the modelling in previous years, the planning areas recording a shortfall in each borough were added together to calculate a total shortfall for the borough; surplus capacity of places in one planning area was not offset against shortfall, as it cannot be used to counteract the capacity shortfall in another planning area.

The decision to move away from modelling using the SCAP return to collating boroughs' own shortfall forecasts was taken to improve the accuracy of the shortfall estimates. An overestimation in the child population by the Office for National Statistics (ONS) has affected the accuracy of the SCAP returns and subsequent shortfall analysis, particularly in London. In addition, the time lag between when the boroughs submit their SCAP returns and its publication, typically around 18 months, was creating further inaccuracies with the data. The boroughs' own more up-to-date estimates, which are used in this report, have mitigated these issues to provide more accurate shortfall estimates.

3 The SCAP return is published annually by the DfE, further information can be found here: <https://www.gov.uk/government/collections/statistics-school-capacity>

Mainstream Schools - funding

The Department for Education (DfE) allocates Basic Need funding to councils for delivery of new school places. London Councils collected individual project data from 19 boroughs, which is submitted to the DfE as part of the school capacity survey (SCAP).⁴

The amount of Basic Need allocated to boroughs has significantly increased in recent years. However, our data shows that the cost per place provided through Basic Need still does not meet the actual cost of providing new places (table 2).

Table 2: Cost per new school place

	Cost per place	Basic need funding rates (London, 2018-19)
Primary	£22,491	£16,495 - £17,577
Secondary	£27,336	£21,444 - £22,850

Across all projects with delivery dates between 2010/11 and 2022/23, Basic Need funding only covered 70 per cent of actual costs. Boroughs have therefore had to find alternative sources of funding, predominantly through using their own funds (table 3).

Table 3: Source of funding for new school places (2010/11 to 2022/23)

Basic need/TBN	All Council funding	Developer contributions	Maintenance	Other
70%	12%	5%	1%	12%

In total, £335 million of council funding was used to provide new places between 2010/11 and 2022/23 across 19 boroughs, equivalent to an average of £26 million per year.

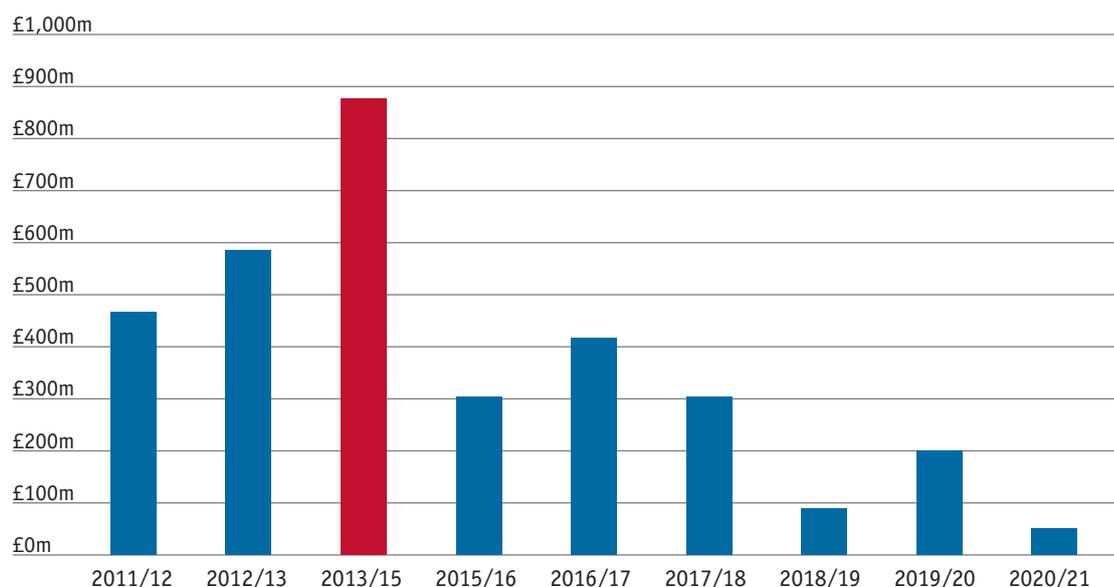
In this chapter, it is possible to estimate the amount of funding required in London over the next five years. Between 2018/19 and 2022/23, London requires an estimated £1.2 billion to meet the shortfall in mainstream school places.

Overall cost per place and funding shortfall

Combining the cost per place analysis with the shortfall predictions in the previous

⁴ Data for this section is sourced from unpublished capital spend data submitted by Boroughs to DfE as part of the 2017 to 2018 school capacity survey: <https://www.gov.uk/government/collections/statistics-school-capacity>.

Figure 7: London Basic Need allocations⁶



Basic Need allocation; of these, 13 boroughs are predicting a shortfall in primary and/ or secondary in that year. London boroughs will receive around £330 million through Basic Need between 2018/19 and 2020/21. A further £850 million of funding will therefore be required between 2018/19 and 2022/23 to meet the shortfall. This could be through the Basic Need grant itself or through the creation of new free schools in areas of demand, including free schools already announced under Wave 11 and Wave 12 (for which funding data has not yet been made available).

Methodology

The approximate funding level required is based on SCAP 2018 capital returns. This is part of the SCAP return submitted by local authorities to the DfE, as a validation process administered by DfE and therefore the SCAP returns are subject to change prior to publication.

To calculate the funding shortfall, an average cost per primary/ secondary place (table 3) is calculated by dividing the total cost of providing projects to create additional places by the number of additional places provided. The average cost for each primary/ secondary place is then multiplied by primary/ secondary shortfall figures presented in the previous chapter, these two figures are then added together to create an estimate of the overall funding required to provide places for the estimated shortfall. Basic need allocations already announced by government are then subtracted from the overall funding required to calculate the funding shortfall.

Meeting demand through free schools and expansion

London boroughs have already developed plans to meet most of the shortfall highlighted in Section 1. 55 per cent of forms of entry (FE) that will be required across primary and secondary over the next five years in London are secured (figure 8).⁶ Many boroughs have plans in place to meet the remaining 45 per cent, but are waiting on formal approval for the plans. Many of the places that have not yet been secured will not be needed for a few years.

The two main ways that local authorities meet demand is through expanding existing provision and working with free school providers to create new schools. Fifty five per cent of demand for places over the next five years is expected to be met by free schools, while school expansions are predicted to account for around a third (figure 9).

Figure 8: Proportion of FE required across primary and secondary 2018-2023 considered secure⁶

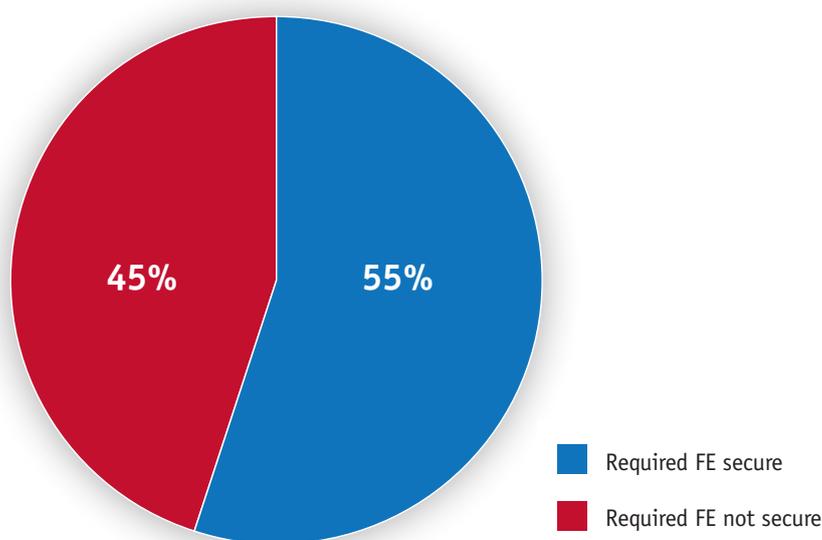
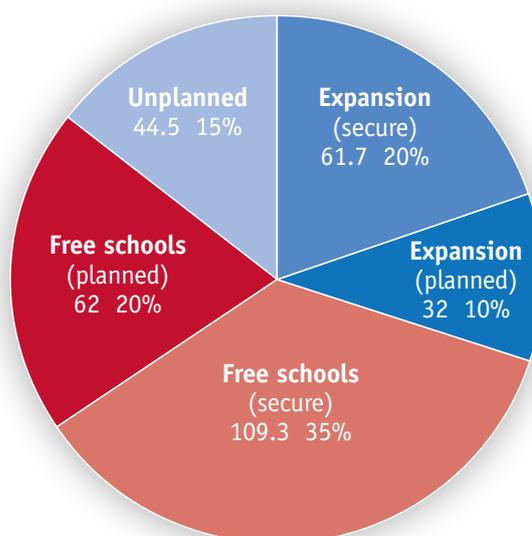


Figure 9: Proportion of FE expected to be delivered through free schools and exemptions, 2018-2023



⁶ Based on results from 26 boroughs (London Councils survey, July-September 2018)

In order to ensure that London boroughs can meet demand as effectively as possible, councils would like to work with central government to ensure that:

- Free school waves are a viable way of meeting demand as well as improving performance
- Free schools are located in areas of need, so as not to inadvertently create oversupply
- Local and central government collaborate and share information from the very beginning of the process of potential new schools being considered, and throughout the process, so that any site or delay issues can be mitigated as far as possible
- In the small number of cases where academies resist expansion and there is an urgent need for places in the area, there is a means of holding them to account, as there is for maintained schools

These areas are explored in more detail below.

Creating new free schools in London

As Figure 9 shows, local authorities are relying increasingly on free schools to provide additional school places. Given that free schools are the primary way of meeting basic need, local authorities are keen to work as closely as possible with government to ensure that new schools are set up where there is demand.

In May 2018 the government opened Wave 13 of the free school programme. This new wave signals a shift away from a universal

approach to free schools, as it is targeted specifically at areas of the country with low quality provision. The DfE's map of local authorities that are eligible for Wave 13 funding show that these are predominantly in areas where there is no demand for new places⁷. Despite the fact that London has one of the highest levels of demand in the country, no London borough is a targeted area for Wave 13 due to the region's high performing schools.

The only way for new mainstream free schools to be created in London currently, given the restrictions on Wave 13, is for local authorities to use the free school presumption route. This requires local authorities to provide a site and cover the capital costs of the building work, both of which require substantial amounts of funding in London. The DfE has recently announced a £50m grant to support local authorities through the free school presumption route but this will only be available to 20 local authorities with a history of poor performing schools, none of which are in London⁸.

Local authorities have provided land for around half of the free schools that are currently in train⁹. However, many London boroughs do not currently have sufficient basic need funding or reserves to be able to undertake a new school building project without any government funding. The DfE spent on average £4.9 million on sites between 2011 and 2016, and four of these which were located in London cost more than

7 These maps are available here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/706188/Wave_13_Map_of_estimated_number_of_secondary_places_needed.pdf; https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/706186/Wave_13_Map_of_estimated_number_of_primary_places_needed.pdf

8 This grant can be found here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/711670/Presumption_basic_need_grant_-_explanatory_note.pdf

9 Based on information about 19 free schools that are currently in train; the LA has provided land for 10 of these (London Councils survey, 2018)

£30 million¹⁰. Local authorities that do not own an appropriate site do not have access to this kind of capital to buy land from within their own resources. This means that many London boroughs rely on the main free schools waves for securing a significant number of their new places. Therefore London local government would like to work with central government to ensure that future free schools waves can achieve the DfE's aim of improving performance, whilst ensuring that they support local authorities to deliver their duty to provide school places to meet demand.

Oversupply of schools

Whilst London needs new provision to cope with rising demand in many areas, particularly at secondary and for pupils with SEND, some local authorities in the capital are now also experiencing an issue with surplus places, due to falling demand and oversupply of free schools in some areas. Given the uncertainty around forecasting demand at present, with the number of reception applications dropping in many areas of London and the ONS population projections potentially overestimating the number of school pupils in the coming years, it is important now more than ever that the Education, Skills and Funding Agency (ESFA) works with local authorities to ensure that free schools are not going to create a large amount of surplus places and are targeted in areas of basic need.

Schools are currently facing significant additional revenue cost pressures such as increases to pension contributions and the introduction of the apprenticeship levy which means that operating below capacity can place them under financial strain more quickly than previously. In addition to

affecting the financial sustainability of the school, financial pressure can affect the quality of education on offer, by causing a reduction in curriculum delivery, support and professional development. In some London boroughs, uncoordinated delivery of the free school programme has already led to a surplus of school places in the area. Data from our recent survey shows that several local authorities are expecting the number of places that will be created over the next five years to exceed demand, due to free schools being approved in areas where there is not sufficient need. Therefore local authorities would like to work more closely with the ESFA to avoid oversupply and its impacts.

Expansion of existing schools

Expansion is often the more cost-effective option to provide additional school places, particularly when dealing with changing levels of demand and scarcity of land. With the restrictions of Wave 13 of the free school programme outlined at the beginning of this chapter, expansion may be the only option open to some councils to create new school places. Local authorities work collaboratively with academies and the ESFA to secure expansion projects in academies as well as maintained schools. This cooperation is becoming more important as academisation continues and demand increases for places at secondary schools, of which over two thirds in the capital are now academies. In the majority of cases, this joint working enables schools to successfully expand. However, in the small number of instances where academies resist expansion, despite having capacity to do so, councils face a challenge because they cannot direct these schools to expand, as they can for maintained schools.

¹⁰ Capital Funding for Schools, Public Accounts Committee, April 2017

London boroughs would like to work together with central government to identify a way of holding academies to account in the same way as maintained schools, when this situation arises.

The impact of site challenges in London

London is a city where land is at a premium and subject to many competing demands and uses. In a recent London Councils survey, 84 per cent of local authorities said that identifying appropriate sites is a key challenge in delivering new free schools. Site constraints were also the most commonly cited challenge to expanding existing schools¹¹. Many of the required forms of entry currently identified as 'secure' by local authorities are reliant on identifying or freeing up appropriate land, and those with sites are increasingly facing planning challenges.

Councils have nevertheless worked pro-actively to try to secure sites for new schools in areas where there is clear demand for them. In addition to securing land or funding through Section 106 and Community Infrastructure Levy (CIL), boroughs are increasingly seeking to include site allocations for secondary schools within their Local Plan¹². This decreases the likelihood of securing sites in non-compliant areas. It also enables boroughs to have greater influence over the location and size of new school sites and supports alignment to other policy priorities such as access to community facilities. Councils have also used prudential borrowing to purchase sites and worked with the ESFA to juggle or swap sites.

A further challenge that is often tied up with site issues is the difficulty of predicting whether a free school will open in the year it is expected to, which is a common occurrence in London. Local authorities would like to work as closely as possible with the ESFA from the very beginning and throughout the process of creating a new free school, to ensure that any risks can be mitigated in an appropriate and timely manner.

11 Based on results from 26 London boroughs (London Councils survey, 2018).

12 Section 106 and Community Infrastructure Levy funds are payments made by developers to local authorities to cover costs associated with a development.

Special Educational Needs and Disabilities (SEND)

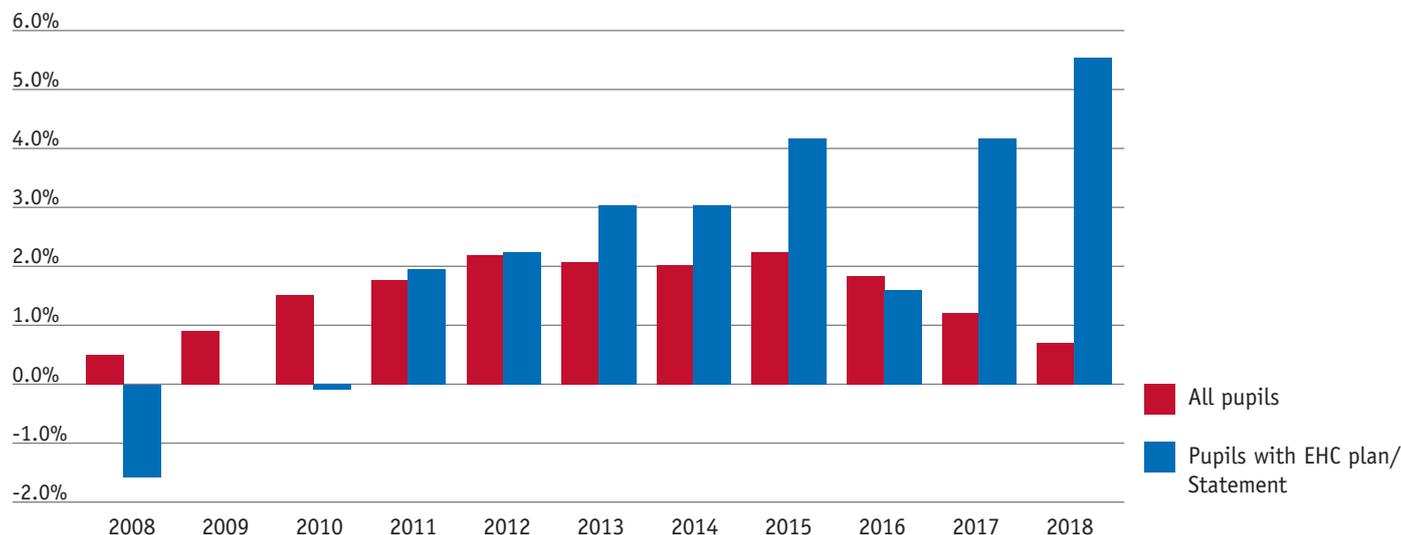
Demand for SEND places

The local authority duty to secure sufficient school places applies to all children, including those with SEND. For children and young people with SEND, additional or specialist provision may be needed to support education and successful progression.

Planning for SEND places requires an understanding of the existing needs of local children and young people with SEND, likely future trends and analysis of whether local schools have the facilities as well as specialist services needed to support pupils' access to education. Securing school places for children and young people with

SEND therefore requires more sophisticated planning 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 among London's mainstream population. The number of pupils with Education, Health and Care Plans (EHCPs) or Statements has grown at a faster rate than the general London pupil population over the past five years (figure 10). Between 2017 and 2018, the number of pupils with EHCPs in London grew by 5.4 per cent, a larger increase than the 0.7 per cent growth rate for the general pupil population; and by 28.5 per cent since 2010 (double the increase in general pupil population).

Figure 10: London pupil population growth



Local authorities are expecting demand for SEND places to continue to increase in the coming years. If the proportion of children and young people assessed as needing an

EHCP remains the same, London will need to provide support for 2,340 more young people of secondary school age, many with complex needs, over the next five years¹³.

13 Source: https://www.london.gov.uk/sites/default/files/london_assembly_send_report_final.pdf

Reasons for increased demand for SEND places

There are several factors contributing to the rise in the number of children and young people with EHCPs and thus the greater number needing dedicated or specialist school places. Aside from the general population increase, local authorities highlight that the most significant contributor is the fact that the Children and Families Act 2014 extended statutory protections for young people from birth up to the age of 25. This has led to a sharp rise in the number of children and young people with an EHCP (particularly 19 to 25 year olds). There has also been an increase in the accuracy of diagnosis and earlier identification of SEND.

Advances in paediatric care for babies and children with complex conditions have led to children and young people presenting with increasingly complex needs. Research undertaken by the Council for Disabled Children and True Colours Trust outlines two key trends affecting the number of disabled children living with complex needs or life-limiting conditions: “improved survival rates of preterm babies” and “increased life expectancy for children with complex disabilities”. These themes are consistent with academic evidence but the fact that there is no routinely published national health data on disabled children obscures the issue and means that awareness is limited.

Furthermore, funding pressures on public sector bodies such as local authorities, schools and Child and Adolescent Mental Health Services (CAMHS), have resulted in reductions in early prevention services, which can provide support for young people before they are at the point of needing an EHCP. Local authorities have highlighted that the 2014 reforms have raised parental awareness and expectations, making some parents and schools more proactive in pursuing an EHCP for their child.

Types and complexity of need

Pressure on SEND places has been compounded by the very rapidly changing characteristics of SEND pupils and the subsequent requirements for dedicated provision. Figure 11 shows significant changes in the characteristics of pupils with SEND attending special schools in London over the last seven years.

The rapid rise in prevalence rates for Autistic Spectrum Disorder (ASD) is particularly acute in London (figure 12). Between 2010 and 2018 the number of pupils with ASD in special schools increased by 100 per cent.

Figure 11: Type of need in London special schools

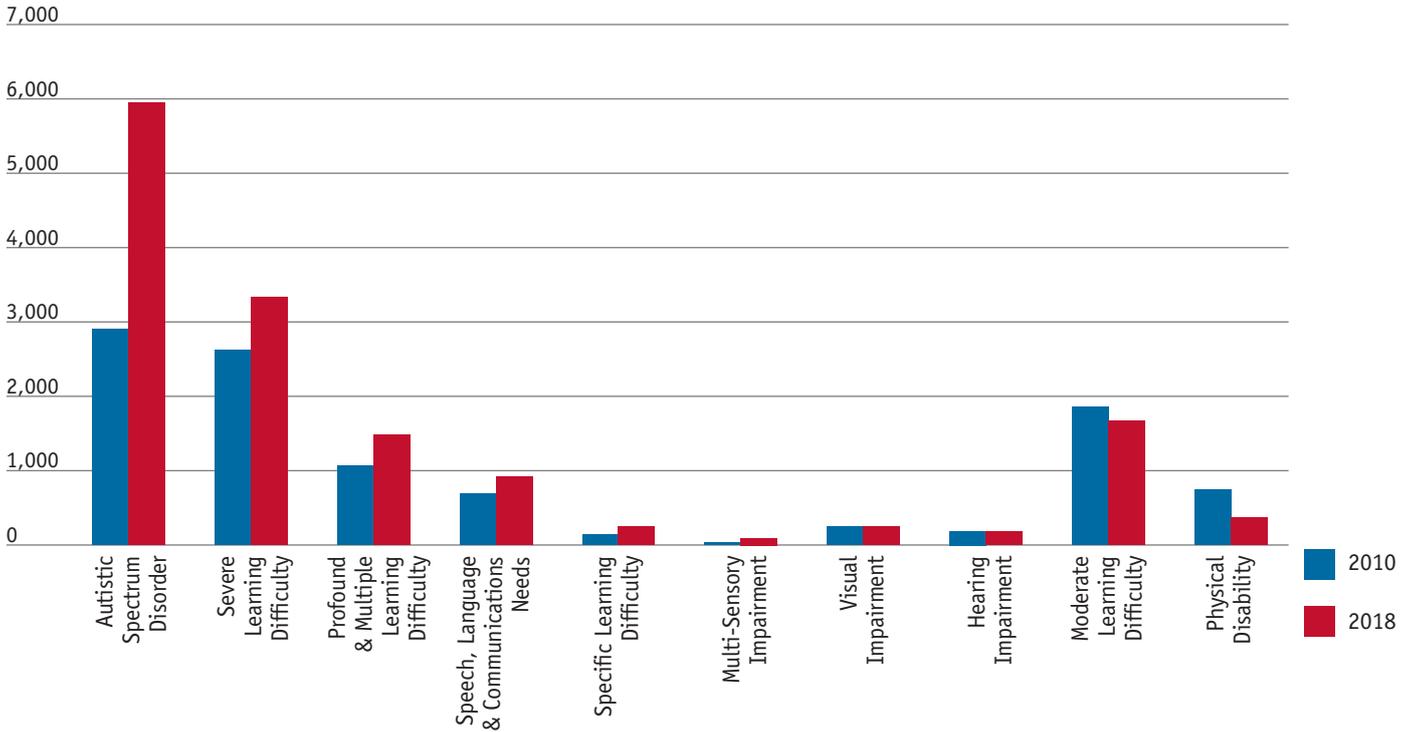
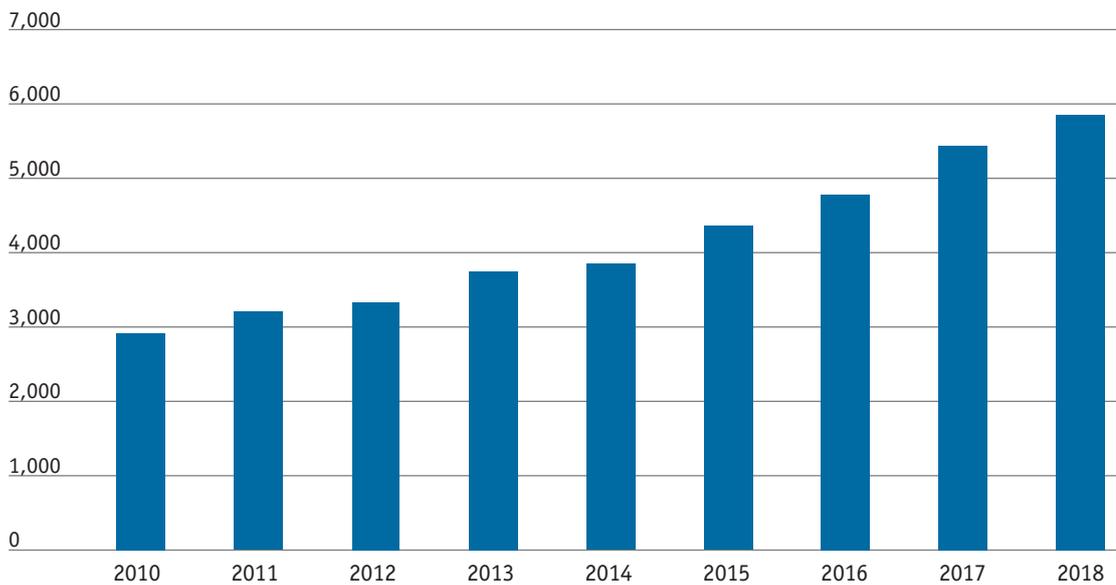


Figure 12: Number of pupils in London special schools with Autistic Spectrum Disorder



Whilst better diagnosis is a factor in this shift in complexity of needs (evidenced, for example, through a decrease in moderate learning difficulties over the same period as the rise in ASD), these changes have significant implications for local authority places planning teams. The types of need that are on the rise are increasingly complex, requiring more specialist provision. Furthermore, in many cases, schools that were previously designed to suit children with certain needs are now required to meet different needs.

Types of provision

School places for children with SEND can be provided in a variety of types of provision. In 2017, 52 per cent of pupils with an EHCP (or statement) were educated in a special school, special unit, or Additional Resourced Provision (ARP) nationwide¹⁴. The majority of dedicated SEND places in London continue to be provided by dedicated special schools – a greater proportion than in the rest of England – but there has also been strong growth in dedicated SEND places provided in a mainstream context. Special units and 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 – whilst special units mainly provide separate classes to meet SEND need.

The Children and Families Act 2014 enshrines parents’ and young people’s rights to express a preference for a provider in an EHCP and councils focus on delivering places across a

range of provider types to give parents and young people a choice. In so doing, local authorities aim to strike a balance between inclusion in mainstream schools and the requirement for specialist provision for some children with more complex needs.

The financial case for investing in new provision

The increased demand for specialist provision means that councils are having to use depleted revenue budgets for more expensive specialist, independent and out-of-borough provision.

The revenue costs for students in specialist settings are generally higher than for those in mainstream schools. Independent provision is much more expensive than maintained provision, and reliance on independent special schools is high in London, with 9.2 per cent of all SEND places in London being provided by independent providers, compared to 6.6 per cent nationally¹⁵. Out-of-borough placements also incur significant costs, as local authorities can be charged more by providers not located within their borough, and may also incur costs for travel arrangements for children attending a setting where they cannot walk due to distance or special needs.

In 2017/18 32 out of 33 boroughs were collectively spending £78 million more on high needs than received from central government – equivalent to a 7 per cent funding gap. In addition, there was an estimated average overspend of £1 million per borough on transport for children with SEND

14 London Councils analysis of Special Educational Needs in England: January 2018, DfE, <https://www.gov.uk/government/statistics/special-educational-needs-in-england-january-2018>

15 Source: <http://lginform.local.gov.uk/reports/view/send-research/local-area-send-report>

in 2016/17. Local authorities see expanding local specialist provision as a key way of driving down costs on the high needs budget, and are keen to work with the DfE to better understand SEND demand and access capital funding to create more local provision.

Cost of providing SEND places

Creating school places for children with SEND tends to be significantly more expensive than creating mainstream places. The average cost of creating new dedicated SEND places is around three times higher than the cost per mainstream place, according to analysis by London Councils (table 4)¹⁶. However, the funding needed to provide a SEND place varies hugely depending on the type of need and the provision required, with some provision for more complex needs costing over £300,000 per place.

Table 4: Average capital cost of creating mainstream and dedicated SEND places

	Mainstream	SEND
Average capital cost to create a place	£23,641	£67,043

Predicting demand for SEND places

In recognition of the fact that SEND places are significantly more expensive than mainstream places, the DfE announced a £215 million SEND capital fund in 2017 to provide every local authority with at least £500,000 to support provision of SEND places until 2020/21. The DfE has recently invested another £50 million in this fund

in recognition of the significant pressures on dedicated SEND places. Local authorities welcome this funding, which they are able to use to either improve existing facilities or create new places in mainstream schools, special schools, nurseries, colleges and other provision.

While the allocations within the SEND capital fund were provided based on population projections, the DfE has indicated that it is working towards a more robust way of distributing capital funding based on demand. This is an important step, and London boroughs would be keen to work with central government to share local information and ensure that the formula is as robust as possible. London Councils and the Greater London Authority have commissioned research on demand for SEND places in London, which is due to be published shortly. While this research focuses predominantly on demand for post-16 places, it proposes a methodology that could be used to predict places for students under the age of 16, and support the DfE’s own analysis. The DfE’s work on SEND demand should enable capital funding for this type of provision to be distributed on a longer term basis than currently. This would allow local authorities to use the funds for more ambitious projects such as building new special schools, which would significantly reduce pressure on the high needs block. It would also ensure that local authorities can plan strategically in the long term to address future demand.

16 This is calculated by comparing the aggregate spend on SEND places to the aggregate number of SEND places across data from 19 boroughs. Therefore, this overall mean figure masks significant variation between the cost of different types of SEND provision.

Special free schools

In 2017, DfE approved plans for 20 special free schools across the country, including five in London. The DfE's commitment to working alongside local authorities to target free schools that meet specific need in the local area is a move in the right direction. However, given the extent of demand for specialist provision and the pressure on the high needs block, we would encourage the DfE to accelerate the pace of the special free schools rounds and increase the number of schools approved in each round.

A recent London Councils' survey revealed that 11 out of 25 London boroughs are planning on putting in an application to the special free schools round announced for 2018, two thirds of which have already identified a site for the new school¹⁷.

Maximising the number of children with SEND in mainstream schools

Both local and central government want to ensure that children and young people with SEND who would prefer to access mainstream education are able to do so. Boroughs have had much success working with schools to create special units and ARPs, and to support young people with SEND in mainstream classes, so that they can attend a mainstream setting where this meets the young person's needs and supports the preference of the parents or young person.

However, many boroughs are concerned that non-inclusive behaviour in the mainstream schools sector is affecting the provision that young people and parents are choosing. London Councils survey in 2017 found

that 80 per cent of London boroughs have experienced academies resisting or refusing to admit a child with SEND, while 60 per cent have come across academies off-rolling pupils because of their SEND. The survey asked about academies specifically as they often act as their own admissions authorities, unlike maintained schools.

Non-inclusive practice is driving more young people into specialist provision where it is not necessarily the primary preference of the parent or young person. Specialist places are more expensive to create, and specialist placements cost more too. Therefore, non-inclusive practice is not only impacting on outcomes and experiences for young people; it is also putting pressure on local authority capital and revenue budgets.

London boroughs are committed to tackling this issue to ensure that parents and young people maintain real choice, and capital and revenue budgets are more effectively managed. We are currently collecting a more comprehensive set of data on the prevalence of non-inclusive approaches to admissions and off-rolling and are planning on carrying out research into the key components of inclusive practice. The recent focus from Ofsted on the issue of off-rolling, and its plan to consider this issue in school inspections, is welcomed, as is the DfE's commitment to working with Ofsted to reduce non-inclusive practice. London Councils is keen to work with both DfE and Ofsted on this agenda, ensuring that it encompasses all aspects of non-inclusive practice, including non-inclusive approaches to admissions.

¹⁷ Source: London Councils survey 2018.

Alternative Provision (AP)

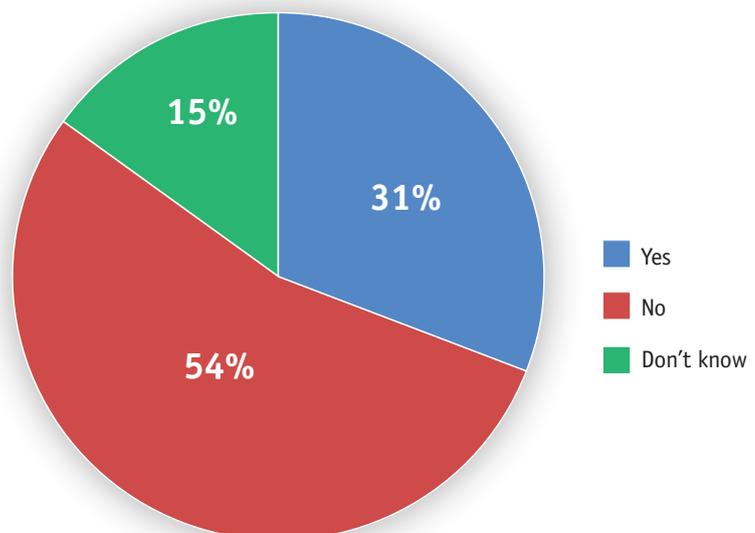
Alternative provision (AP) is defined as “education arranged by local authorities for pupils who, because of exclusion, illness or other reasons, would not otherwise receive suitable education; education arranged by schools for pupils on a fixed period exclusion; and pupils being directed by schools to off-site provision to improve their behaviour.”¹⁸ This could refer to a range of provision types, including academies or free schools, local authority maintained Pupil Referral Units (PRUs), independent schools, hospitals, further education colleges, one to one tuition, or work based placements. There are currently 3,206 children on roll at AP academies or free schools and maintained PRUs in London¹⁹. This figure does not include those that are attending non-school-based AP. Local authorities are committed to providing a range of high quality AP for children and young people who would benefit from this type of provision.

Just over half of boroughs that responded to a recent survey said that they did not currently have enough AP to meet demand (figure 13)²⁰. Current shortfalls range from 10 to 40 places per local authority across key stages 3 and 4. As with specialist provision, there is an over-reliance on out-of-borough AP that can be more expensive and harder to manage.

The type of AP that is needed to meet demand differs from borough to borough. The provision that boroughs identified being short of includes provision for children and young people with Social, Emotional and Mental

Health (SEMH) needs, provision for reception-age children who are not ready for primary school, specialist provision for children exhibiting sexualised behaviour, respite provision for those at risk of permanent exclusion, outreach programmes targeted at engaging highly disaffected pupils, and provision for those on the edge of crime.

Figure 13: Does your borough have sufficient alternative provision to meet current demand?



18 Source: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/268940/alternative_provision_statutory_guidance_pdf_version.pdf Source: London Councils survey 2018.

19 Source: Schools, pupils and their characteristics, DfE, <https://www.gov.uk/government/statistics/schools-pupils-and-their-characteristics-january-2018>

20 London Councils survey 2018. 13 respondents answered this question.

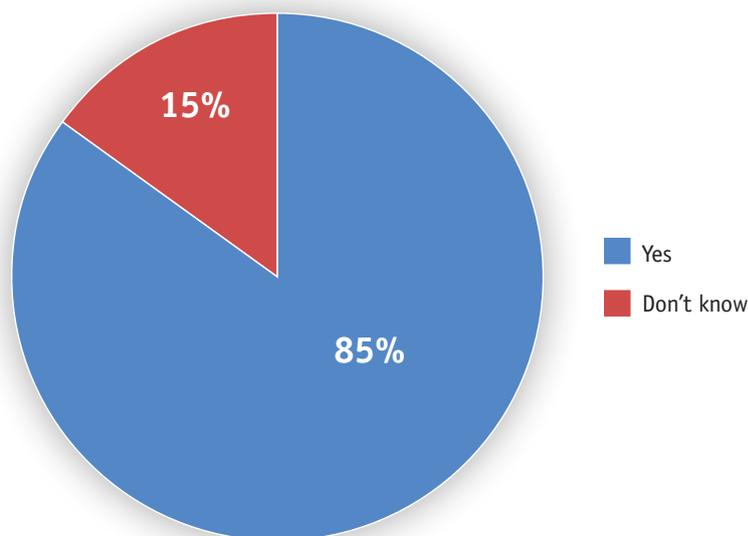
85 per cent of local authorities responding to the London Councils survey predict an increase in demand over the next five years (figure 14). The demand will increase predominantly at secondary level and in line with population increase. This finding is in line with the latest figures on exclusions in London, which show permanent exclusions having increased by 27 per cent since 2010/11, but the rate of permanent exclusions (in proportion to all pupils) remaining consistent over this period. Fixed term exclusions in London have followed a similar trend²¹.

The majority boroughs that are predicting an increase in demand (72 per cent) have plans to create more AP places to meet this demand, both through applying for new free schools or expanding local authority

maintained PRUs. Boroughs are planning on funding this in different ways, including through basic need, the SEND capital grant, the free schools route or through a mixture of council borrowing, Section 106 and Community Infrastructure Levy funds²². Local authorities are working collaboratively to meet this demand, with two thirds of respondents highlighting that they have already worked with other local authorities to meet demand for AP cross-border.

The challenges that boroughs highlight in relation to creating new AP places, such as identifying a suitable site, finding sufficient funding in the capital budget, and the managing the uncertainty in the free schools process, reflect the challenges highlighted in relation to creating new mainstream places.

Figure 14: Do you predict an increase in demand for alternative provision over the next 5 years?



²¹ <https://www.gov.uk/government/collections/statistics-exclusions>

²² Section 106 and Community Infrastructure Levy funds are payments made by developers to local authorities to cover costs associated with a development

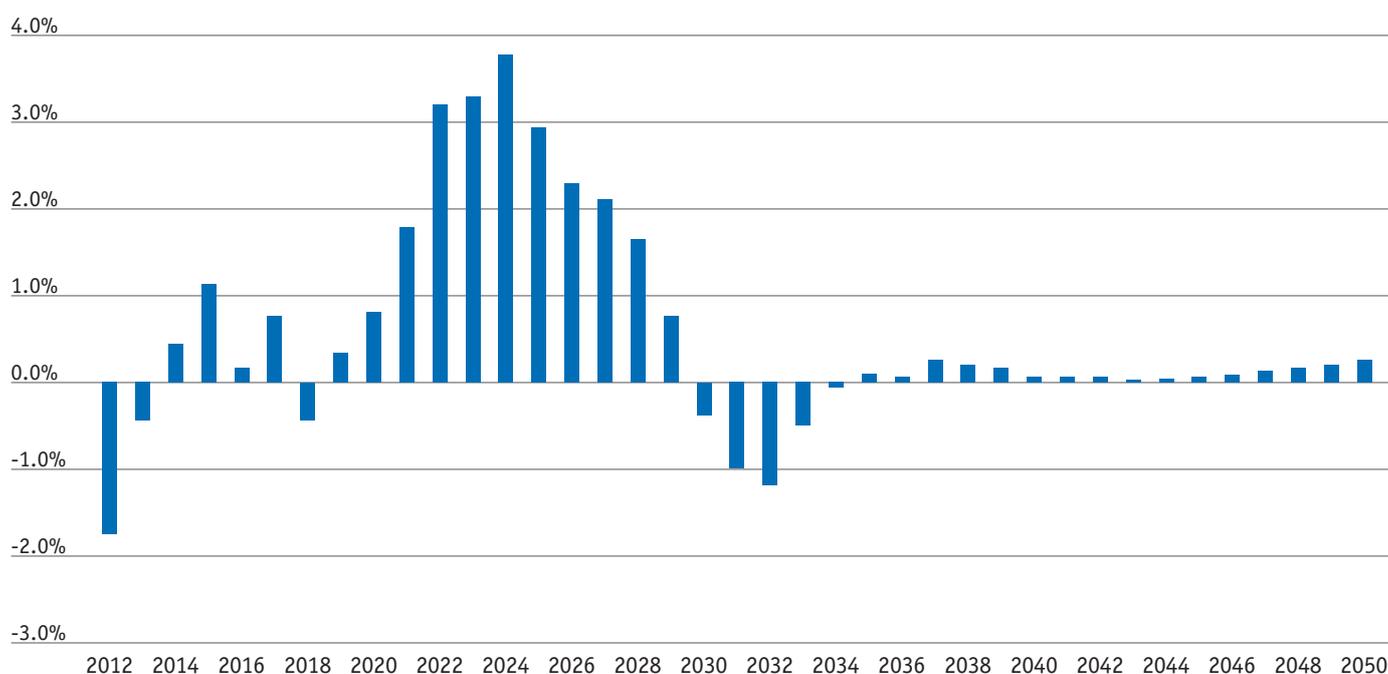
Further Education (Post-16)

Since 2014, it has been compulsory for students leaving year 11 to remain in education or training until the age of 18. This policy, referred to as Raising the Participation Age (RPA), represents the government's recognition of the importance of continued education after the age of 16. The introduction of RPA has not only increased demand for places in schools but also in colleges and other training providers as young people's choices include both academic and technical learning post-16. As with pre-16 education, local authorities have a statutory duty to ensure that there are sufficient places available in the local area for post-16 students.

As the first section of this report highlights, demand for secondary school places is

predicted to increase over the next several years, as the wave of children applying to primary schools over the last decade hits secondary level. The high pupil growth experienced at secondary level will feed through to the post-16 population in the 2020s. The 16 to 19 population is expected to increase by 23 per cent from 2020 to 2030 based on the GLA's long-term population projections (figure 15)²³. Secondary school places take four years to create, and timescales can be longer for technical and vocational provision given the often complex capital requirements involved. Therefore it is important that central government, local government and providers work together well in advance to access capital funding and put in place plans to meet demand.

Figure 15: Annual growth rate - 16 to 19 population (London)



1 Source: GLA population projections (2016 based), <https://data.london.gov.uk/dataset/2016-based-population-projections>

Shifting demand for places

Education post-16 is more varied than the school system for children up to the age of 16. At the end of year 11, young people can choose whether to attend a school, a general further education college, a sixth-form college, a training provider or start an apprenticeship. There are several recent and upcoming developments that will affect the pattern of demand. Local councils ensure that they are aware of, and responsive to, the implications of these changes.

The emphasis that the government is placing on technical education post-16 and, in particular, the introduction of T Levels, will significantly impact on demand for further education places in the coming years. T Levels are vocational qualifications which will be offered as an alternative to academic qualifications such as A Levels, alongside existing options including apprenticeships. T Level programmes are aligned to specific technical pathways – such as construction, digital, or childcare and education – and combine study in a further education institution with an industry placement of at least three months. The roll out of T Levels will place significant capital demands on providers, and the government recently announced a £38 million capital fund for the first providers offering T Levels in 2020. Local government would like to work with central government to ensure that capital funding meets costs in the coming years and incentivises providers to offer T Level programmes.

The introduction of a transition period for students who are not ready to access a Level 3 course or employment at the age of 16 is fundamental to the proposals for T Levels. This will also affect demand for further

education places, as more young people will be given the opportunity to remain in education for a further year (or more).

Another development that is likely to affect the distribution of demand for post-16 education places is the recent change to GCSE examinations and grading, along with the re-introduction of linear A Levels. Some institutions will have less permissive entrance policies, as they will be seeking to recruit higher GCSE achievers into their sixth forms.

Finally, the further education sector has been significantly affected by the rise in the number of young people with SEND who have an EHCP. The number of young people aged over 16 making a request for an assessment has risen significantly, and the extension of the age range for those that can apply for EHCPs (from 0 to 25) has led to a significant number of 19 to 25 year olds remaining in education and training with an EHCP. This pressure is felt particularly by FE colleges in supporting young people with SEND aged 19 to 25 as, in addition to academic provision, colleges also have a strong technical and vocational offer.

London Councils would like to work with central government to ensure that supply in further education matches demand, and that young people are able to continue their post-16 education in an institution that best suits their needs.



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