

Do the Maths 2017

London's school places challenge



September 2017



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Foreword

Making sure that there are enough school places locally to meet demand is one of the most important roles that local authorities play in relation to education. Without sufficient places available locally children face the prospect of ongoing uncertainty and disruption, long journeys to school, or, at worst, no school place at all. I'm pleased to say that London local government has done a fantastic job in securing enough places for all school children during a period of unprecedented demand. This growth is set to continue in secondary schools and special schools for the foreseeable future.

Demand for secondary schools is expected to rise by 36,335 places by 2022/23. However, our analysis of the most recent local authority forecasting data shows that for the first time in over a decade, the boroughs are now experiencing a slowing of additional demand for primary places. This overall trend masks differences between the boroughs, several of which are expecting to experience a rise in demand in the long term due to significant growth within the area.

From conversations with boroughs across London where demand is slowing we know that this is happening for a variety of reasons. Boroughs have delivered a considerable number of new places in recent years, helping to reduce the shortfall significantly. There was a 2.3 per cent decrease in the number of births between 2012 and 2013, reducing demand for reception places this year. Furthermore, a rapid increase in house prices in London has been forcing families out of some areas of the capital, and the decision to leave the EU seems to be beginning to have an impact on changing local populations. Any permanent change or reduction in numbers will only be seen clearly when the details of the decision to leave the EU are more certain.

The unpredictable nature of the factors involved means that many local authorities are finding it more challenging than ever to forecast demand. However, we have successfully managed the shifting demand caused by the dramatic improvement in the quality of London's schools in the last two decades and are confident that we shall rise to these new challenges.

Local authorities are increasingly reliant on free schools to meet need, as basic need funding from the government is insufficient and opportunities to expand existing schools dry up. Many London boroughs have worked closely with the Education and Skills Funding Agency (ESFA) and free school providers to ensure that the local community ends up with an appropriate school that meets their needs. However, the free schools programme at present does not always work in this way and we are still seeing a number of schools set up where there is no need for places. This risks undermining the whole local school system. At a time when there are significant funding pressures facing all schools, half full classes could lead to schools becoming unviable in some areas. This is why we are calling on the government to reshape its free school programme to work closely with local authorities from the outset and to ensure that any new free schools are set up in areas of need for new places.

Aside from growth in demand for secondary places, the boroughs are also experiencing rising demand for places for children with Special Educational Needs and Disabilities (SEND). It is vital that local authorities have sufficient resources to be able to meet this demand. Similarly, we are predicting that the current wave of additional demand will hit 16-19 provision from 2020 onwards, so we need to start planning now to ensure that our young people have access to appropriate education and training provision at this time.

We are living in uncertain times and it is not surprising that this is having an impact on demand for school places across the capital. I'm confident though that London local government, with the right support from the Department for Education, will continue to rise to the challenge of providing sufficient, high quality places for all our children.



Cllr Peter John

London Councils' Deputy Chair and Executive Member with responsibility for education

Executive Summary

Do The Maths 2017 is the eighth edition of London Councils' annual report on the pressures facing the school places planning system in London.

Mainstream provision

Demand for school places has risen significantly over the past decade. However, the number of on-time applications for reception places for 2017/18 fell by 3.3 per cent across London, which is likely to further reduce estimates of the overall shortfall over the next six years.

Nevertheless, current projections still highlight a shortfall of 63,710 places across primary and secondary schools in London until 2022/23, and some boroughs are witnessing rising demand due to factors such as planned housing developments.

A vast array of factors influence the number of school places needed in London boroughs, meaning that demand is extremely unpredictable. Each year local authority school places planning teams take into account factors as diverse as birth rate, planned housing developments, house prices, welfare reforms, and internal and external migration, in order to predict the likely demand.

The last year has seen shifts in a variety of areas which have had an unforeseen impact on future demand for places. Since June 2016 we have witnessed the decision to leave the EU referendum; an ongoing reduction in the birth rate; welfare reforms; and rising house prices in London – all of which affect families' choices about where to live and where to send their children to school. In particular, some boroughs have experienced changes in demand as increases in the costs of property

have priced families out of certain areas and altered traditional migration patterns. Other local authorities report changes in demographics and communities in certain areas, potentially as an early impact of the EU referendum. All of these factors, combined with a decrease in the birth rate, have contributed to a reduction in demand for places across London.

Nevertheless, it is important not to lose sight of the need for additional places in some areas, particularly at secondary level where demand is expected to rise by 36,335 by 2022/23. This type of demand is predicted to increase each year, with 9,417 secondary school places needed across London just in 2022/23 alone. This predicted increase is largely due to expectations that the wave of additional pupils entering primary schools over the last decade will reach secondary schools in the majority of London boroughs from this year onwards.

Meeting demand through expansion and free schools

The reduction in the overall shortfall in places makes it even more important that free schools are opened in areas where there is demand for school places. Given the current financial climate, it is vital to ensure that education funding is invested where it is most needed. Schools have experienced significant financial pressures over the past few years and London Councils' modelling estimates that the total cost pressures on schools in England will be around £5.6 billion between 2017/18 and 2021/22. The Secretary of State has promised to invest £1.3 billion in school budgets over the next two years, but it is unclear what this means for London schools. In this context it is critical that classrooms are not left half empty due to a surplus of school places in a certain

area, and that funding is not invested in creating schools where there is no demand.

London Councils has consistently argued that new free schools should be prioritised in areas of need. Local authorities are best equipped to understand demand in their local area, and the Education and Skills Funding Agency (ESFA) needs to work closely with councils on plans for free schools from the outset to ensure that new schools meet basic need and are not at risk of closure due to limited demand and financial pressures, as we saw happen to Southwark Free School earlier this year.

The recent Public Accounts Committee (PAC) report highlighted several issues with the way the ESFA is running the free schools programme that resonate with the experience of boroughs in London. These include inconsistency in the ESFA's approach to engaging with and listening to local authorities when planning for free schools, the poor quality of some of the new schools, and the uncompetitive rates that have been paid for sites. The free schools programme presents a particular risk to local authorities due to the uncertainty and lack of local authority control over delivery timescales as well as the inconsistency in compensating local authorities for the cost of delays. Furthermore, local authorities incur considerable costs to support free school projects for which no compensation is received from central government.

Councils also seek to expand current provision where this is the most cost effective option, and boroughs are successful in meeting basic need in this way. However, several boroughs have experienced issues with schools refusing to expand, particularly academies. While local

authorities would not choose to force any school to expand, this is sometimes necessary to meet basic need in the local area. Councils have no formal levers to direct academies to expand, and London Councils calls on the government to enable Regional School Commissioners (RSCs) to direct academies to expand where this is necessary to meet local demand.

Special Educational Needs and Disabilities (SEND)

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 exponentially. The number of pupils with Statements or Education, Health and Care Plans (EHCPs), requiring specialist provision to meet their needs, has risen by 22 per cent since 2010 in London, and the complexity of these needs is increasing. This is putting considerable strain on the education system, as creating school places for children with SEND costs an average £69,055 per place, which is around three times as much as a mainstream school place. Now that demand for new primary mainstream schools is diminishing, the Free Schools Programme should focus on ensuring that new special schools are created to meet SEND demand.

Since the 2016 edition of *Do the Maths*, the government has made greater effort to support boroughs to meet SEND demand. Every borough received an allocation from the Department for Education's (DfE) £215 million SEND capital funding budget, and five London boroughs were successful in the DfE's recent round of applications for special free schools. However, a recent London Councils' survey has revealed that 23 out of 28 London

boroughs are collectively overspending on their high needs revenue allocation from central government by £94 million – equivalent to a 13.6 per cent funding gap – and are overspending on transport for children with SEND by on average £1 million per borough. Clearly, SEND provision needs both greater revenue and capital investment by government to put it on a sustainable footing. Investing capital funding in supporting the creation of further specialist provision locally through special free schools would reduce the amount boroughs spend on expensive independent and out-of-borough placements, helping to ease some of the pressure on the SEND revenue budget.

These are steps in the right direction, but SEND demand shows no signs of abating and London local authorities are still overspending significantly on their high needs budgets. London Councils urges the government to commit to providing capital funding consistently to fully meet the costs of creating this provision, and to hold a further round of applications for special free schools in order to support all authorities across London to ensure that demand for SEND is met within their boroughs.

Further Education (FE)

Another area that is expected to experience significant pressures in the coming years is further education (FE). Demand for FE provision is expected to rise due to previous demand in primary and secondary moving through the system. This is particularly significant in light of the introduction of Raising the Participation Age, which legislates that all young people must remain in education or training until the age of 18 and requires local authorities to ensure that there is sufficient provision to meet demand.

Furthermore, the government's focus on technical education and the multitude of reforms including the apprenticeship levy and the introduction of T levels will place significant capital requirements on providers. Local authorities have responsibility and powers relating to FE education in schools but do not have access to the same levers to influence and guarantee the provision offered by other types of providers. London Councils is advocating that the quality and availability of post-16 provision should be improved by devolving responsibility and funding for 16 to 18 provision to London local government.

Key recommendations:

London Councils calls on the government to:

Mainstream provision

- Provide London with additional funding for school places of £1 billion over the next six years – through a combination of additional basic need funding and the central funding of places through the free school programme.
- Ensure that London receives a proportionate and sufficient share of the basic need pot in line with its share of demand for places.
- Provide four year basic need allocations to enable local authorities to be able to plan for secondary school places in sufficient time.

Meeting demand through expansion and free schools

- Enable Regional School Commissioners to direct academies to expand their provision where they have capacity and there is demand locally for more places.
- Undertake a shift in the way it is managing the roll out of the free school programme by:

- Ensuring strategic join-up between local government and the ESFA on free schools and land acquisition from the outset to ensure better value for money and delivering of sufficient school places.
- Only approving free schools where they meet basic need.
- Recognising and covering the costs to councils in working on free schools.
- Compensating local authorities for all contingency costs when a free school has been delayed.
- Aiming for all new secondary free schools to be no smaller than six forms of entry.

Special Educational Needs and Disabilities (SEND)

- Distribute capital funding for SEND on a permanent formulaic basis, taking into account the actual cost of delivering new SEND places and expected demand.
- Work with local authorities to create new special free schools in areas of high demand for SEND places.
- Ensure that academies enrol children with SEND where they have capacity, create special units where the school location and infrastructure allows it, and intervene when academies off-roll pupils with SEND inappropriately.

Further Education (FE)

- Invest in the FE sector to ensure that the costs of meeting future demand for provision are fully met, including covering the capital costs of delivering provision supporting technical pathways and apprenticeships.
- Devolve 16 to 18 provision and vocational capital investment to London local government in order to ensure consistent and appropriate delivery of FE across all provider types.

KEY FACTS

- 63,710 school places will be needed in London until 2022/23 – 27,376 at primary and 36,335 at secondary
- London will need an estimated additional £1 billion between 2019/20 and 2022/23 to meet demand for mainstream places.
- Basic Need allocations from central government only meet 56 per cent of costs incurred by councils.
- Across London there are plans in place to meet 88 per cent of projected demand for school places until 2023.
- London boroughs are expecting free schools to provide 54 per cent of forms of entry required at secondary level in London between 2017 and 2023.
- The number of pupils with Education, Health and Care Plans (EHCPs) in London increased by 4.2 per cent between 2016 and 2017, around three times the rate of the general pupil population.
- Between 2010 and 2017 there was a 22 per cent increase in children and young people with EHCPs in London, compared to a 5.7 per cent increase in the rest of England.
- The average cost of creating a dedicated SEND school place in London is £69,055, around three times higher than the cost of a mainstream place.
- 19 out of 24 London boroughs surveyed have experienced at least one academy resisting or refusing to admit a child with SEND and 14 out of 23 have experienced at least one academy inappropriately off-rolling pupils with SEND.
- The 16 to 19 population is expected to rise by 23 per cent between 2020 and 2030.

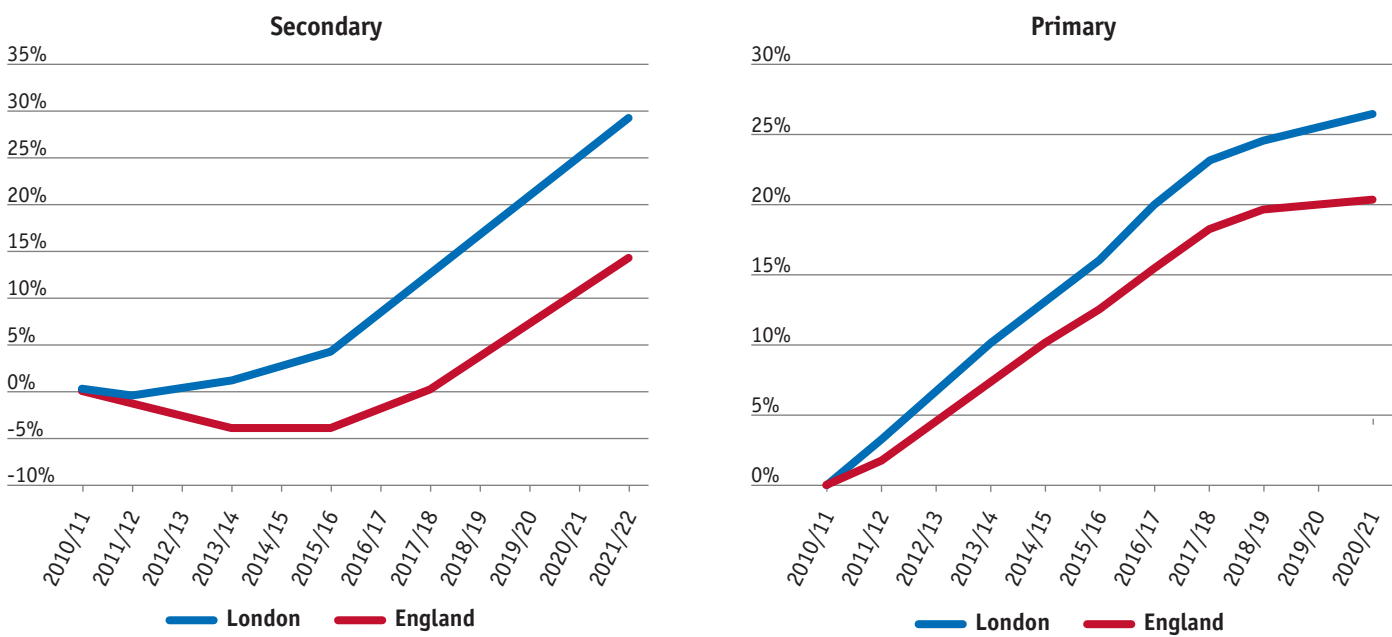
Mainstream schools – shortfall

Each year, London Councils produces a detailed model to estimate the number of new mainstream school places required to meet demand in the capital. This section outlines the main trends in the pupil numbers and capacity data underpinning this model, before outlining the main findings¹.

Pupil numbers

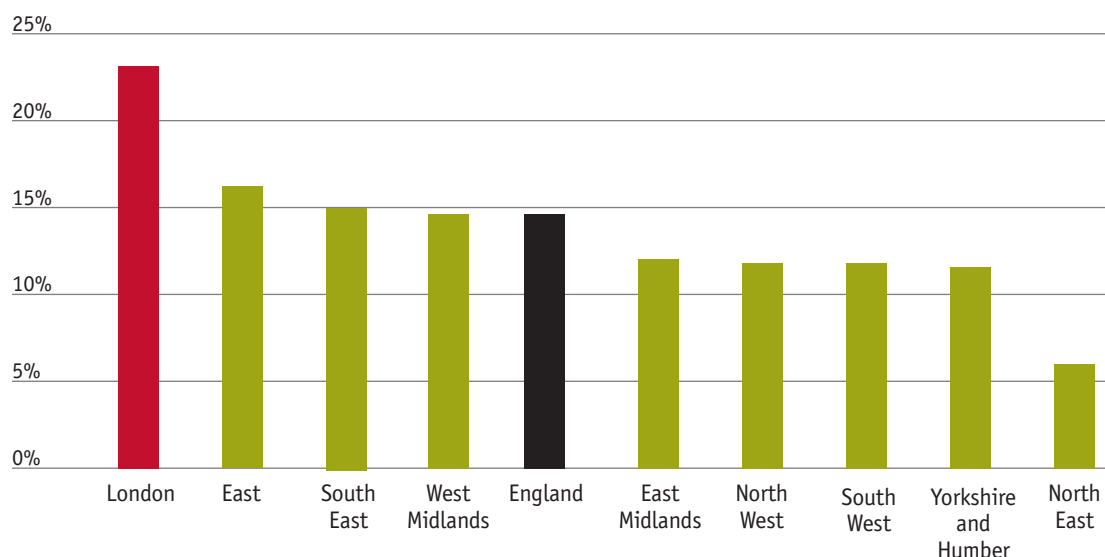
London continues to experience faster rates of pupil growth than the rest of England at both primary and secondary level. Between 2010/11 and 2019/20, overall pupil numbers are set to have grown by 23 per cent in London – compared to 14.5 per cent nationally (figure 2):

Figure 1: Cumulative pupil growth at primary and secondary level



1 The source for all tables and graphs in this section is the *School capacity survey (SCAP) 2015 to 16*, DfE, <https://www.gov.uk/government/publications/school-capacity-academic-year-2015-to-2016>

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



Preliminary evidence from the 2017/18 admissions round suggests that the number of pupils at primary level in some London boroughs is starting to fall much earlier and faster than expected; between the 2016/17 and 2017/18 academic years, pan-London on-time primary applications fell by around 3.3 per cent. The extent to which this recent trend will impact on the primary shortfall in future depends on the scale and location of any new capacity created.

There are likely to be multiple drivers of the apparent fall in primary numbers in some areas and different factors will apply in different sub-regions. For example, house prices may affect traditional patterns of migration or drive families out of certain boroughs; in other areas there may be an early demographic impact from the Brexit referendum. These factors will continue to play out as the political landscape changes in the coming years, and boroughs will continue to monitor and adapt to future developments.

As these changing patterns of demand at primary level materialise, there will be new challenges for boroughs to manage. An over-supply of places reduces the viability of existing schools and, in the most severe cases, could result in reduced curriculums or even the closure of some schools. And if this change is happening at the same time as uncoordinated delivery of new schools via the free school programme we could be looking at significant oversupply of places in some areas, particularly at primary. This is why, as is highlighted in the next section, it is so important that free schools are only set up in areas where there is demand for new places.

Capacity

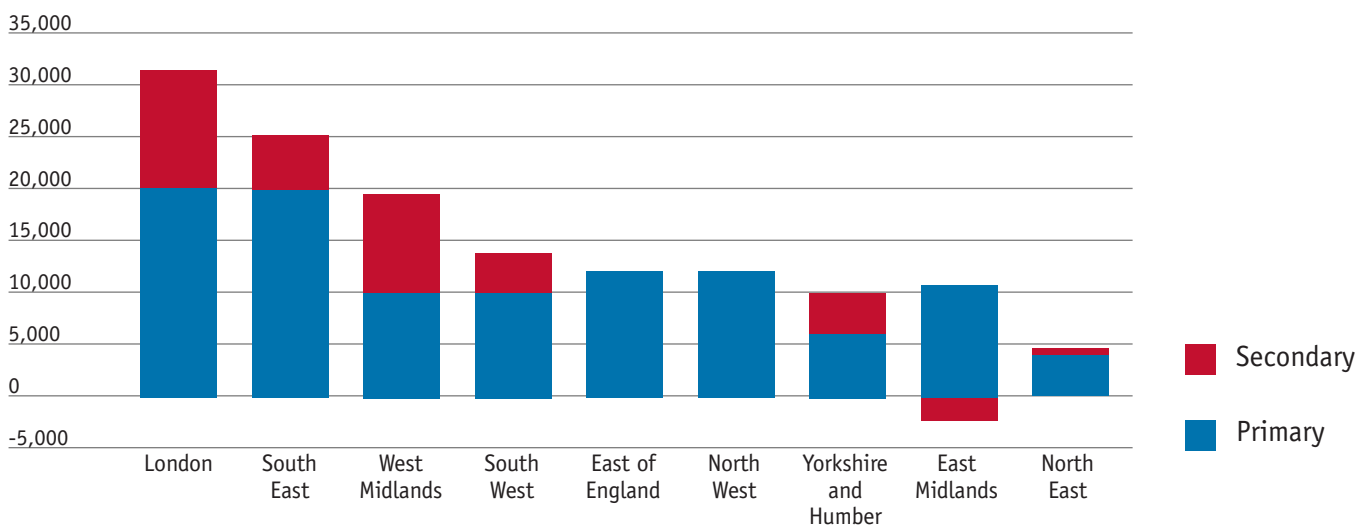
Despite significant challenges around land and funding, boroughs have played a central role in the delivery of significant new school capacity. Between May 2015 and May 2016, school capacity in London increased by over 30,000 (figure 3). 35 per cent of all new secondary school capacity was delivered in

London, reflecting the distinct demographic pressures of London compared to the rest of the country.

While this new capacity has met a substantial share of the demand identified in previous editions of *Do the Maths*, a shortfall in places still persists. A combination of new schools and expansion projects will therefore be essential for the foreseeable future. Boroughs

already have plans in place to deliver 88 per cent of forecast need at secondary level, with 66 per cent of plans across London already classed as “secure” (i.e. funding secured and, for new schools, a confirmed site). Especially as demand increasingly focuses on more costly secondary provision, boroughs will only be able to meet the remaining shortfall in places with an adequate level of funding from central government.

Figure 3: Change in school capacity (May 2015 to May 2016)



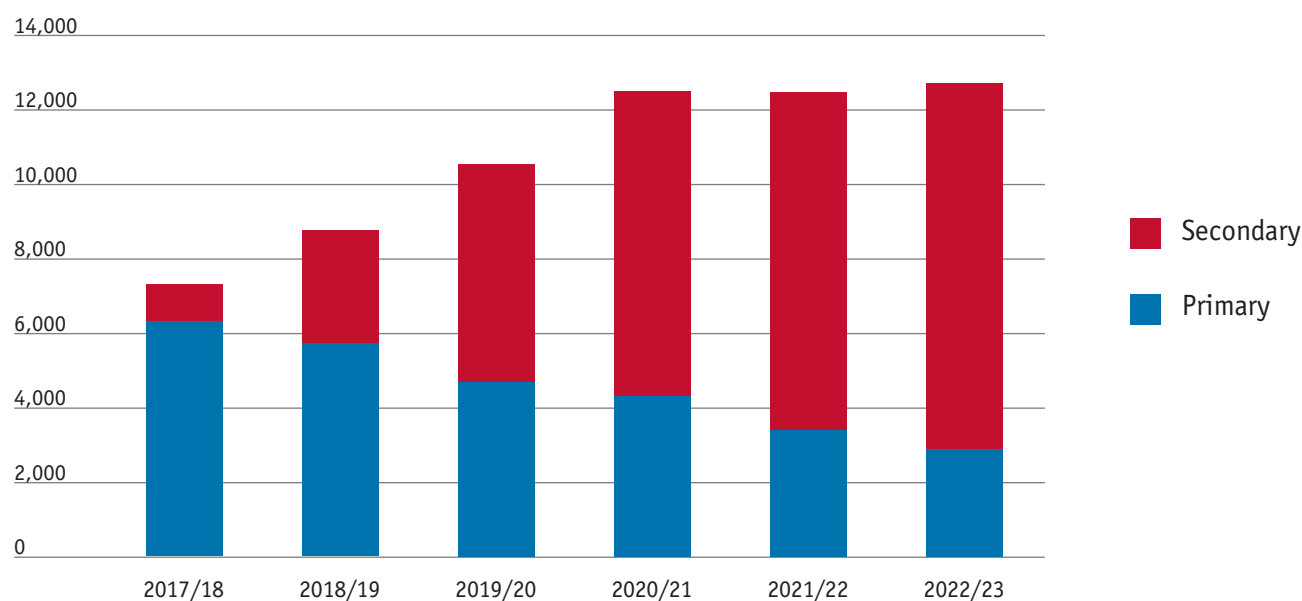
Main shortfall

Combining the pupil numbers and capacity data, our most recent analysis suggests that 63,710 new school places will be required in London over the next six years, with demand increasingly focused on the more costly and complex secondary phase. For the first time in recent years, the secondary shortfall is set to overtake primary demand in 2019/20 (table 1 and figure 4). The methodology used is set out in the appendix.

Table 1: London shortfall by year

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total (17/18 to 2021/22)
Primary	6,290	5,830	4,616	4,261	3,376	3,002	27,376
Secondary	1,099	2,896	5,628	8,159	9,137	9,417	36,335
Total	7,389	8,726	10,244	12,419	12,513	12,420	63,710

Figure 4: London school places shortfall by year



These pan-London trends mask variation across different parts of London, and trends in the demand and supply of school places will vary between and even within boroughs. As already outlined, primary level forecasts are expected to be particularly subject to change and should be treated with caution.

Figure 5 shows the results of the *Do the Maths 2017* primary model by borough. At this more granular level of analysis, shortfall projections are particularly uncertain and subject to

change. However, the map illustrates that the easing of the primary shortfall is not uniform across London. East London boroughs in particular will continue to face a substantial shortfall in primary places, often driven by large-scale new developments.

Figure 5: Primary shortfall 2017/18 to 2022/23

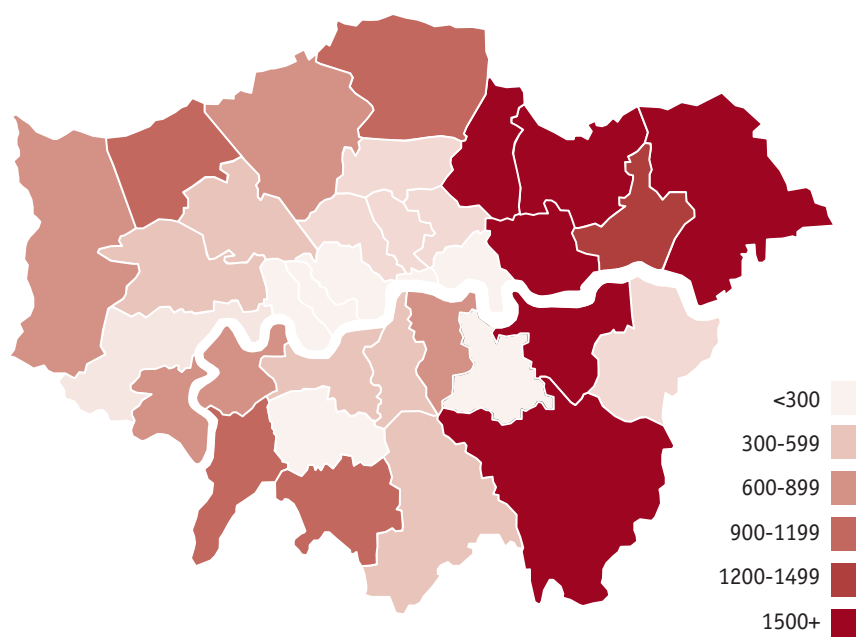
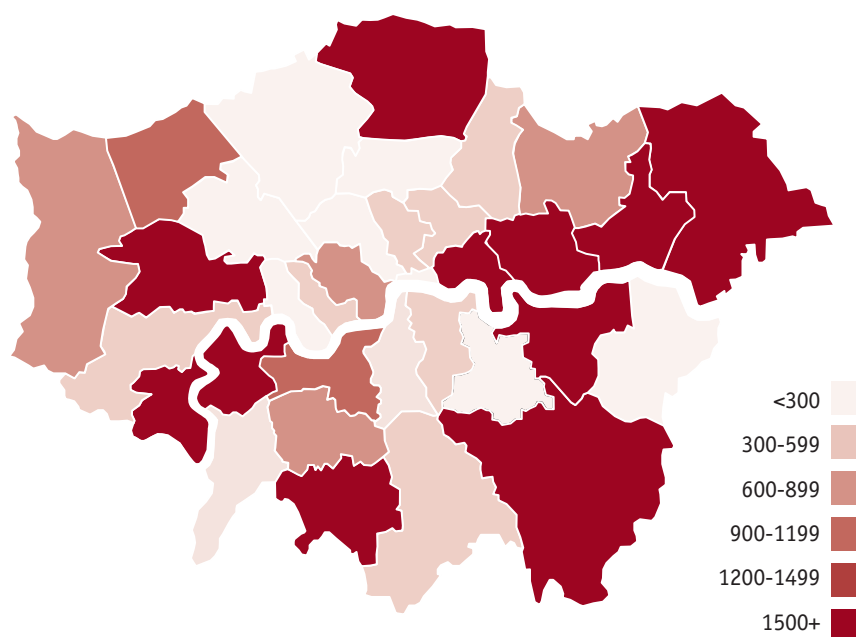


Figure 6 shows that the regional trends at secondary level are more mixed, but there is a similar area of high demand in East London.

Figure 6: Secondary shortfall 2017/18 to 2022/23



Mainstream Schools – Funding²

Boroughs are facing unprecedented reductions in core funding at the same time as demand for key local government services is rising. It is therefore essential that the funding allocated by central government to meet the estimated shortfall covers the true cost of delivering new school places in the capital.

The Department for Education allocates Basic Need funding to councils for the delivery of new school places. There has been a significant increase in the funding per place applied within the Basic Need methodology in recent years, bringing the funding provided more closely in line with actual costs. However, as the National Audit Office found in their recent *Capital Funding for Schools* report, “Basic need funding still does not fully cover the costs that local authorities incur in creating new school places”.

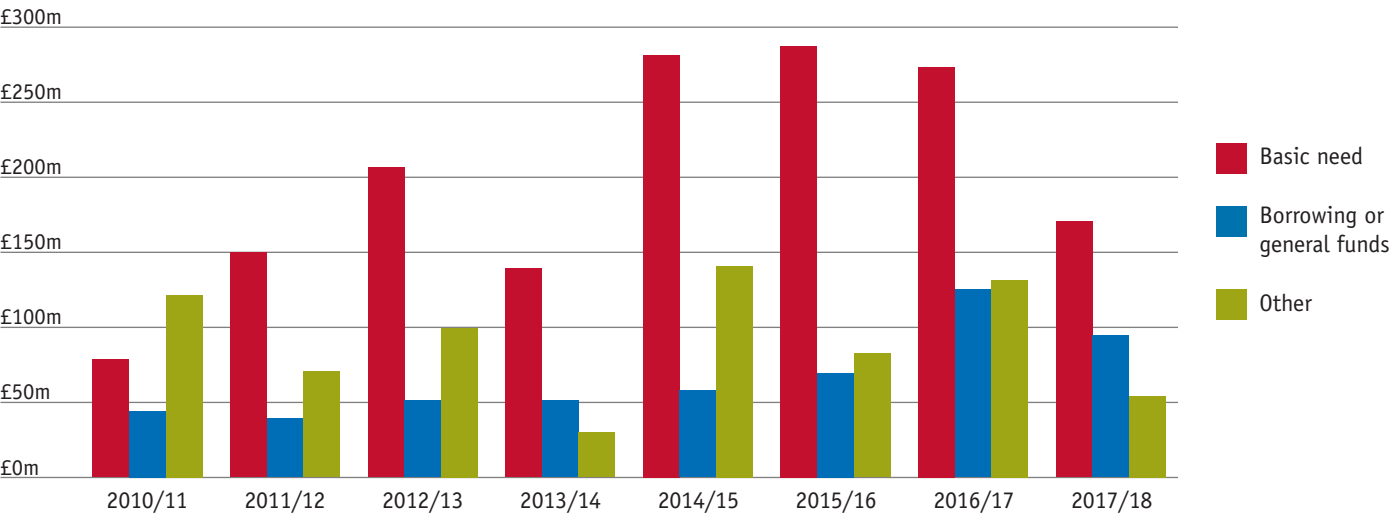
London Councils collected individual project data from 23 boroughs, which is submitted to and verified by DfE as part of the annual school capacity survey (SCAP). This data shows that the cost per place provided through Basic Need still does not meet the actual cost of providing new places, despite increases in recent years (table 3). It is likely that the actual cost per place will rise as lower-cost expansion options, such as adapting underused classrooms, are exhausted.

Individual project data also demonstrates the extent to which local authorities are topping-up Basic Need funding in order to meet the funding shortfall (figure 7).

Table 2: Cost per new school place

	Cost per place	Basic need funding rates (London)
Primary	£21,147	£16,495 - £17,577
Secondary	£27,299	£21,444 - £22,850

Figure 7: Aggregated funding sources for new places by year (936 projects across 23 boroughs)



2 The source data for this section is the unpublished capital spend data submitted by boroughs to DfE as part of the 2015 to 16 school capacity survey (SCAP)
3 <https://www.nao.org.uk/wp-content/uploads/2017/02/Capital-funding-for-schools.pdf>

Across 936 projects with delivery dates between 2010/11 and 2017/18, basic need funding⁴ only covered 56 per cent of actual costs. Boroughs have therefore had to find other sources of funding, including general council funds, borrowing, developer contributions and maintenance funding (table 2).

Table 3: Source of funding for new school places (2010/11 to 2017/18)

Basic need/TBN	General funds	Borrowing	Developer contributions	Maintenance	Other
56%	11%	8%	6%	3%	17%

In total, £521 million of general funds or borrowing was used to provide new places between 2010/11 and 2017/18, equivalent to an average of £65 million per year. Extrapolating these figures out to cover all 32 boroughs gives an estimation of around £90 million per year. Given the pressure on council budgets, the use of general council funds and borrowing will not be a sustainable source of funding for new school places.

Overall cost per place and funding shortfall

Combining the cost per place analysis with capacity shortfall analysis, it is possible to estimate the amount of funding required in London over the next six years. Between 2017/18 and 2022/23, London requires an estimated £1.6 billion to meet the shortfall in mainstream school places.

Basic need allocations have been published for the first three years of this timeframe (figure 6). London boroughs will receive

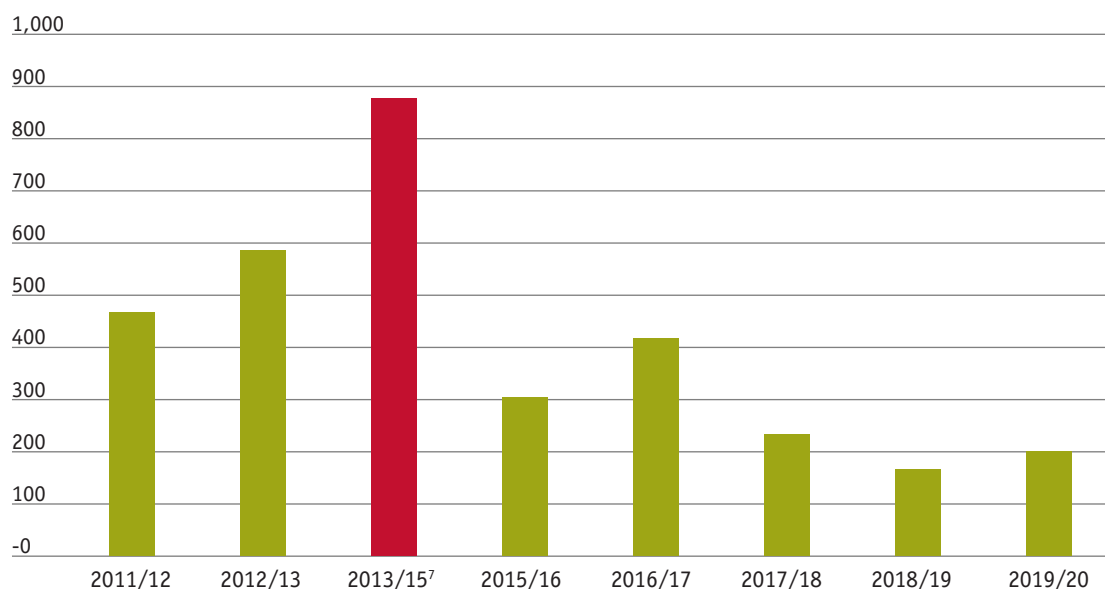
around £600 million through Basic Need between 2017/18 and 2019/20⁵. Around a further £1 billion of funding will therefore be required – either through the basic need grant itself or through the creation of new free schools in areas of demand – to meet the shortfall. Like the capacity estimates on which they rely, these funding estimates are inherently uncertain and potentially subject to change as the trends at primary level become clearer.

Three-year basic need allocations were introduced by DfE in 2013 and have enabled boroughs to make longer-term plans for the delivery of new school places. Secondary projects are larger and more complex than primary projects, which typically leads to longer timescales for delivery. An extension of multi-year basic allocations to a fourth year would provide boroughs with the certainty needed to make longer-term planning decisions at secondary level.

⁴ Includes Basic Need and Targeted Basic Need funding

⁵ Lambeth 2019/20 figures have not yet been published. For the purposes of reaching a comparable pan-London figure over time, Lambeth allocations for 2019/20 are assumed to be the same as 2018/19.

Figure 8: London Basic Need allocations⁶



The way forward

Boroughs can only deliver a sufficient number of new school places with a sufficient level of funding. While the cost per place allocated through the Basic Need grant has increased significantly in recent years, the level of funding available does not fully meet the actual cost of delivery. This is confirmed by the significant and unsustainable amount of funding boroughs currently provide to top-up basic need allocations, including out of borrowing and general council funds.

Recommendations

As demand at primary eases, boroughs are increasingly required to deliver more complex and costly secondary projects. To meet this challenge, London Councils is calling on government to:

- Provide London with additional funding for school places of £1 billion over the next six years – through a combination of additional basic need funding and the central funding of places through the free school programme.
- Ensure that London receives a proportionate and sufficient share of the basic need pot in line with its share of demand for places.
- Provide four year basic need allocations to enable local authorities to be able to plan for secondary school places in sufficient time.

⁶ Source: Basic Need allocations, DfE, <https://www.gov.uk/government/publications/basic-need-allocations>

Meeting demand through expansion of existing schools

Local authorities meet demand through expanding existing provision or working with free school providers to create new schools.

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, but the capacity of existing schools, particularly at secondary level, is limited and councils are restricted by how much basic need funding they receive from government.

Even where funding is available and schools have capacity, it can be difficult for local authorities to convince these schools to expand, particularly when they are academies. Given that over 60 per cent of the secondary schools in London are now academies and demand for secondary places is rising significantly, there will be increased pressure for local authorities to secure academy expansions in order to meet their statutory duty to deliver sufficient school places locally. Without formal levers this can be difficult, as many London boroughs are already reporting. This is why we call on the government to give the Regional School Commissioners (RSCs), who oversee academy performance, clear powers to direct academies to expand where there is urgent demand for new places and capacity has been identified. This would require close working between RSCs and local authorities to ensure that they have the latest information on forecast need. This lever is unlikely to be used regularly, as many academies already work with local authorities to expand, but it would open up new expansion options in some areas with intense demand for school places and aid local authorities' efforts to ensure every child has a school place.

Meeting demand through free schools

Meeting demand for places

As options for expanding existing schools become exhausted local authorities will rely increasingly on free schools to provide additional school places. The funding for these places is often supplied by the Education and Skills Funding Agency (ESFA) which helps over-stretched local authorities to fulfil their statutory duty without having to subsidise more places. The London boroughs are expecting free schools to provide 54 per cent of the forms of entry required at secondary level in London between 2017 and 2023. This proportion is likely to rise as further free schools are approved.

Many councils are working closely with free school providers and the ESFA to ensure that suitable new free schools are opened locally to meet need, recognising that free schools can extend choice for parents and potentially enhance the educational quality in the area. However, many London local authorities have expressed concerns about the way in which the free school programme is currently managed and the impact this has on the ability of councils to meet need for places locally. Uncoordinated delivery of new schools by the ESFA, together with the pace of expansion and the pressure this places on teacher recruitment, could place the high quality of London education at risk.

The free school programme, as it currently operates, presents a high level of risk to the ability of councils to meet basic need. The major risk to councils is the uncertainty and lack of control over delivery timescales. In some areas of high demand for school places

no free school providers have come forward at all. 35 per cent of the approved free schools for London do not currently have a site secured and those with sites are increasingly facing planning challenges, which means that these schools are not yet guaranteed to open on time or at all. Lack of confirmed sites remains the single biggest factor delaying or preventing free school delivery.

Finding appropriate sites

The difficulty of managing the delivery of new schools is exacerbated by the unprecedented pressure on land in London, which creates challenges for London boroughs around how to deal with competing priorities for sites. 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 Plan. This increases 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.

ESFA land acquisition

The ESFA has been purchasing land to overcome some of the difficulty in finding appropriate sites in advance of approving free school bids. It has recently set up its own property company LocatED in order to buy up sites at the most competitive rates.

The London Borough of Ealing: A proactive planning approach

Like many London boroughs, Ealing experiences a considerable challenge in securing sites for schools in the borough, particularly at secondary level. Rather than take the risk of the ESFA purchasing unsuitable sites in the wrong areas of the borough, council officers decided to work proactively with the ESFA to meet this need. They agreed to produce a Planning for Schools Development Plan Document (DPD) as an element of the wider Local Plan. The aims of the DPD were to meet the challenge of delivering primary and secondary school places in areas of need within timescales required; to provide a specific evidence base to support site allocations; and to reduce the time and potential risks associated with delivery. The DPD also endeavoured to promote good design and space standards for schools in safe and accessible locations, and enabled officers to ensure that as far as possible site allocations supported wider council planning and place priorities. Ealing produced a list of potential sites, conducted a full consultation and issued calls for sites from key partners including the ESFA. The draft DPD was subject to a rigorous review by the Planning Inspectorate, which praised the council's proactive and collaborative approach to meeting demand for school places. The DPD was formally adopted by the council in May 2016.

The PAC concluded in its report *Capital Funding for Schools*⁷ that on average, the Department has paid nearly 20 per cent more for land for free schools than official valuations. The Department spent £863 million on 175 sites for free schools between 2011 and 2016. The average cost of these sites was £4.9 million, but 24 sites cost more than £10 million each, including four that cost more than £30 million in London. This represents a significant proportion of the school capital budget. As well as not representing value for money, these land purchases are not necessarily aligned to need. It is important that LocatED focuses its efforts on purchasing land in areas of high demand for schools, as well as providing value for money.

Surplus schools

In some London boroughs, uncoordinated delivery has already led to a surplus of school places in the area, while in other boroughs a

surplus looks likely to arise given the location of free schools in the pipeline, unless the free school programme undergoes a shift.⁸ While the DfE recommends a small surplus to support parental choice, in some authorities the surplus is such that some schools, including the new free schools, operate well below capacity, placing them under financial strain and threatening their long term viability. These financial challenges are likely to be exacerbated by the current funding pressures facing schools, which could mean that schools with half full classes become financially unviable. For example, a situation could emerge where good schools with falling rolls cannot continue to operate despite forecasts showing that those places are likely to be needed in the future.

Where free schools delivery creates a significant school place surplus and financial pressures for schools, education quality is likely to suffer. Surplus schools

often cause pupil mobility to rise steeply. Subsequent financial pressures can mean that curriculum delivery and support, together with professional development, has to be reduced; and there can be a greater reliance on inexperienced or unqualified teachers. All of this can have a significantly detrimental impact on the quality of education on offer.

Given the uncertainty around forecasting demand at present, with the number of reception applications dropping in some areas of London, it is important now more than ever that the ESFA does not create surplus schools as this could further destabilise the local school system.

Delays and uncertainty

The ESFA has been working constructively with the some local authorities to ensure that new schools are aligned to basic need, however this is not always the case. Many London boroughs have reported that their views on the size, timing and location of new schools have been overlooked by the ESFA in approving a free school. Some new schools have been approved despite local authorities implementing plans to meet basic need through expansion. This puts councils in a very difficult position – they have a duty to secure sufficient school places but do not want to waste scarce resources on expanding schools if new capacity is being created elsewhere. In addition, they often have to support temporary provision at short notice for free schools before a permanent site is secured.

It is vital that the ESFA works with local authorities from the outset when planning any new free school provision to overcome these potential pitfalls and ensure that the new school meets the needs of the local community.

The ESFA provides additional basic need funding for local authorities when planned free school provision does not materialise, but this funding is lagged which means that councils may have already had to put in temporary provision. In some cases boroughs have reported that they have not received any subsequent reimbursement from the ESFA. Therefore, London Councils is calling on the ESFA to ensure that boroughs receive adequate funding in a timely manner to address any problems arising from planned free schools not opening on time or at all.

Cost to councils

While the capital costs for the vast majority of free schools are borne by the ESFA, there are still considerable costs to councils arising from these projects. Aside from the direct costs of land purchases and transfer, and the time required to put together contributions to the Local Plan or land deals, boroughs report that there are very significant calls on the time of officers across the council from the Free School Delivery team at the ESFA. There is currently no direct funding to support these costs. Basic Need funding calculations do not include the costs of land purchase, and the Education Services Grant, which may have supported some of this work previously, has been significantly reduced.

Given local authorities have experienced considerable cuts from government to their core funding, they have very little available resource to be able to support free school developments locally. It would help local authorities facilitate free schools in their area if the government were to compensate councils for these costs.

The London Borough of Havering: Free school delays

In September 2014, a primary free school with three forms of entry was due to open in Romford to meet basic need in the area. The London Borough of Havering worked closely with the ESFA and the potential sponsor on the bid for the school.

In August 2014, a month before the school was due to open, the local authority was notified that the project was going to be delayed due to issues with land purchase. The council was forced to find school places for over 40 children who were set to start at the school the next month. The following year the sponsor decided not to take on the project after all, and the school's opening was delayed again while the ESFA sought a new sponsor. In 2016 the school was opened with a single form of entry on a temporary site, forcing the sponsor to organise bus services for the children to travel a few miles to attend school.

The local authority has been forced to add last-minute bulge classes to existing schools in the area for three years while waiting for the free school to open. This has put a significant amount of pressure on surrounding schools. Havering has coped through working quickly with a strong community of schools that understand the demand and the challenge, but the situation is unsustainable due to rising demand for places. Furthermore, some parents do not want to send their children to the school on a temporary site and the reputation of free schools more generally in the local area has been tarnished by this situation.

While some of the issues causing the delays were unavoidable, the ESFA could have provided better support to Havering to deal with the consequences. The lack of transparency and last minute communication with the local authority meant that Havering was left with little time to rectify the situation to meet its statutory duty to provide sufficient places for local children. The borough also had to use funding from other capital budgets to create places in neighbouring schools, as the Basic Need allocations provided by the DfE did not include additional funding to compensate the council for the costs of the delay.

The local authority is hopeful that the school will open on a permanent site in 2018 – four years later than planned.

The London Borough of Hounslow: Free School sites

Nishkam All Through Free School is currently delivering primary provision from a temporary location. Prior to opening, the Nishkam Trust had purchased a long lease on a site (Site A) which was designated Metropolitan Open Land (MOL), which confers certain protections on the site and makes it much harder to build on.

Subsequently, the council identified a council owned MOL site (Site B) as the only possible location for another new free school due to open in 2018, Bolder Academy School. A rugby club occupied the premises, which prevented the development of Bolder Academy from proceeding. The only possible place to move the rugby club was to Site A, sharing the site with Nishkam Free School.

Having built a new clubhouse on Site B and secured sponsorship from a large media company based next door, the Rugby club had significant investment in its current site.

The successful delivery of these two schools was therefore co-dependent and faced a number of significant obstacles. The development of Bolder Academy on Site B could not be taken forward until Site A had been secured for Nishkam and the Rugby club currently occupying Site B had been persuaded to move to Site A. Meanwhile, the MOL for Site A was not initially owned by the free school Trust or the ESFA and there was strong local opposition to any development of this land as a school. The Nishkam Trust had purchased the lease for the school in advance of opening and therefore it was initially difficult to demonstrate that the requisite assessments had been undertaken.

Working with the ESFA and the rugby club, the council was able to relocate the rugby club to Site A, and the separate planning applications for a school and rugby club on Site A were approved by Hounslow's Planning committee. The ESFA is now proceeding with construction plans and hopes to open the school in its new site in 2018.

The planning application for Bolder Academy was subject to similar hurdles. The Bolder Academy proposal grew out of the close working relationship between the council and its schools. There is a risk that the delays to the development and inevitable demands on the time of the sponsor schools will impact negatively both on standards in existing schools and on the relationship with the local authority. Headteachers from local schools have worked together to put together a local solution to mitigate these risks to the local area.

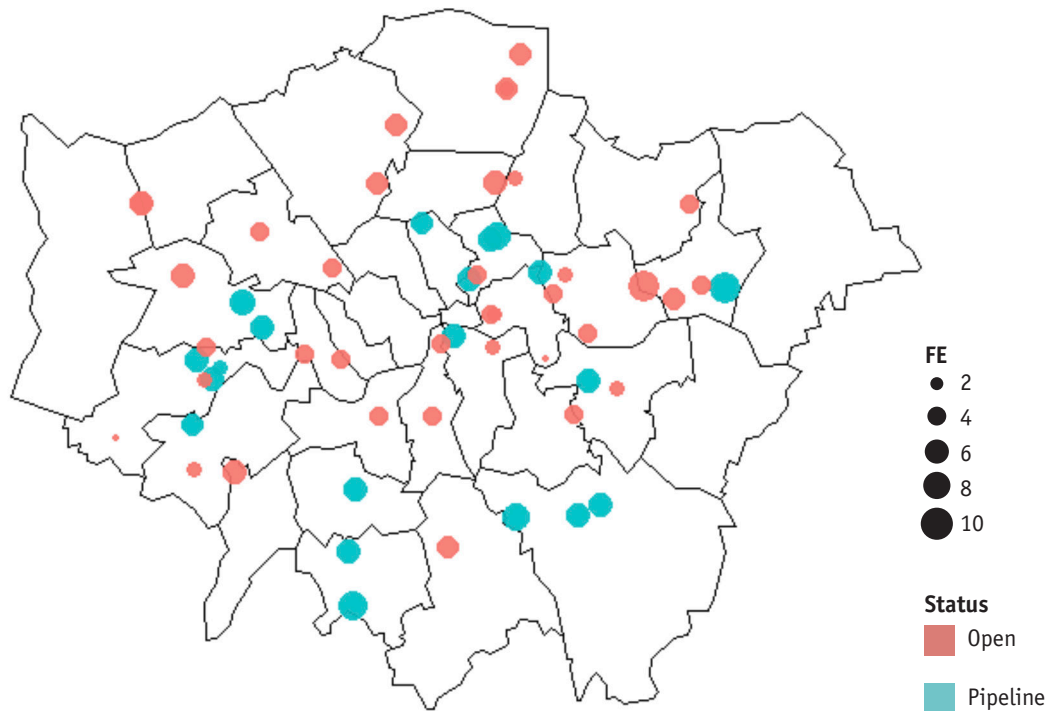
The complexity of these projects, and the significant financial and time investment required by the local authority to overcome the challenges highlights the fact that free schools are not a cost neutral option for councils.

Small schools

The map below shows the location of open and planned secondary free schools compared to forecast demand for secondary places over the next six years. The source data was collected from boroughs in early 2017 and excludes any planned free schools where a postcode was not available.

While this is therefore not based on a comprehensive list of schools, it clearly shows that free schools in the pipeline tend to be larger than existing free schools: 17 out of 20 planned free schools are 6 forms of entry (FE) or larger, compared to just six out of 36 open secondary free schools.

Figure 9: Secondary free schools by size



The difficulty in securing large sites has led to many small secondary schools opening in London. While the map at figure 7 above shows that fewer small secondary free schools are being approved than previously, there are still some in the pipeline. Small secondary schools can encounter considerable issues around financial sustainability and their ability to offer a wide and enriching curriculum offer, particularly at secondary level. This is why London Councils is calling on the ESFA to stop approving secondary schools in London that are smaller than 4FE, with an aim to ensure that none are less than 6FE.

Furthermore, a trend is starting to emerge whereby revenue funding pressures are causing some schools to consider reducing their Published Admissions Number (PAN). If schools know they will not fill every place at a certain PAN, they may seek to reduce the number of forms of entry in order to ensure that the school is as financially viable as possible. This is likely to put additional pressure on demand for school places in the area.

Quality

Local authorities in London are concerned about the quality and suitability of many free schools that have recently been established in the capital. For example, there is evidence of primary schools that do not have adequate outdoor space for sports, which will restrict the ability of the school to provide an appropriate level of PE. Similarly concerns have been raised when free schools are located in buildings that have previously been used for other purposes, such as offices or police stations. These buildings have to be substantially altered to make them appropriate for schools, often at considerable cost.

The PAC recognised this issue in its *Capital Funding for Schools* report and has called the DfE to report back to the committee on how it is measuring quality and suitability of free school buildings. London Councils supports these calls for greater accountability around new free school developments to ensure that they are of high quality.

The way forward

London Councils has raised the issues highlighted here with the DfE and PAC, and is pleased to note that the recommendations in the PAC's *Capital Funding for Schools* report echo London borough concerns. In particular, the PAC highlighted how the way in which the free schools programme is currently being managed lacks coherence and is not cost-effective. It called on the DfE to demonstrate how it will work effectively with local authorities to meet demand for places through free schools in the future.

London Councils is advocating a reshaping of the free school programme to ensure that all free schools are aligned with demand for places and that the ESFA works closely with the relevant local authorities from the outset to ensure that all new schools provide value for money and meet the needs of the local community. Councils can help facilitate the delivery of free schools in areas of need through a range of interventions, such as by finding appropriate sites; linking with local schools, the wider community and planning processes.

London Borough of Southwark: Changing relationship with the ESFA

In 2012 a free school was set up in London Borough of Southwark. The local authority expressed strong concerns that the new school was being created in an area of low demand and that the uptake would not be sufficient to ensure the long term sustainability of the school. The ESFA approved the sponsor's bid despite Southwark's advice and the school was forced to close in January 2017 due to limited demand and financial pressures.

Over the last two years, the ESFA has been working more closely with Southwark, prioritising free school bids which the local authority supports and where demand can be proven. This collaboration has resulted in a number of new free schools. For example, Southwark recently worked with the ESFA and a free school sponsor, the City of London, to support the creation of the City of London Galleywall Primary Academy, in an area of high demand, which successfully opened in September 2016 and was oversubscribed. The borough council and ESFA are also working closely on a new secondary free school in East Dulwich, which has opened on a temporary site, and which the ESFA has commissioned the local authority regeneration team to project manage on its behalf.

Southwark's experience shows that the ESFA is now working effectively with some local authorities on plans for new free schools. However, this is not the case in all boroughs, and it is important that the ESFA takes a consistent approach across the capital.

At a time when schools are struggling to deal with a range of additional cost pressures such as increases to pension contributions and the introduction of the apprenticeship levy, it is vital that every pound spent on the free schools programme provides value for money. This is why we are calling for all free schools to meet basic need – this should be an essential criterion before a free school is approved. There is still significant pressure for places for secondary and SEND pupils in London, therefore we would expect to see the bulk of new free schools meet basic need in these areas in the future.

Recommendations

London Councils calls on the government to:

- Enable Regional School Commissioners to direct academies to expand their provision where they have capacity and there is demand locally for more places.
- Undertake a shift in the way it is managing the roll out of the free school programme by:
 - Ensuring strategic join-up between local government and the ESFA on free schools and land acquisition from the outset to ensure better value for money and delivering of sufficient school places.
 - Only approving free schools where they meet basic need.
 - Recognising and covering the costs to councils in working on free schools
 - Compensating local authorities for all contingency costs when a free school has been delayed.
 - Aiming for all new secondary free schools to be no smaller than six forms of entry.

Special Educational Needs and Disabilities (SEND)

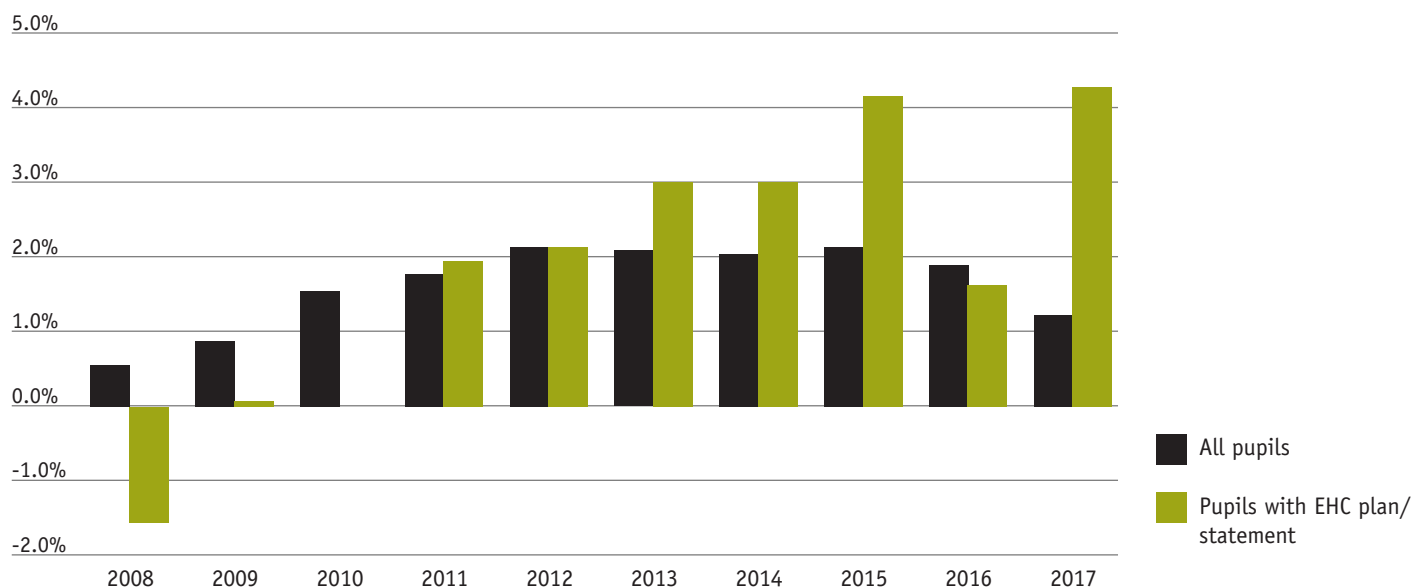
The local authority duty to secure sufficient school places applies to all children, including those with Special Educational Needs and Disabilities (SEND). For these children, extra or specialised provision may be needed in order to access education.

Planning for SEND places requires an understanding of the existing needs of local children with SEND, 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 more sophisticated planning compared to planning mainstream primary and secondary school places.

Overall demand for SEND 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. Figure 8 shows that 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. Between 2016 and 2017, the number of pupils with EHCPs grew by 4.2 per cent, around three times the 1.3 per cent growth rate for the general pupil population.

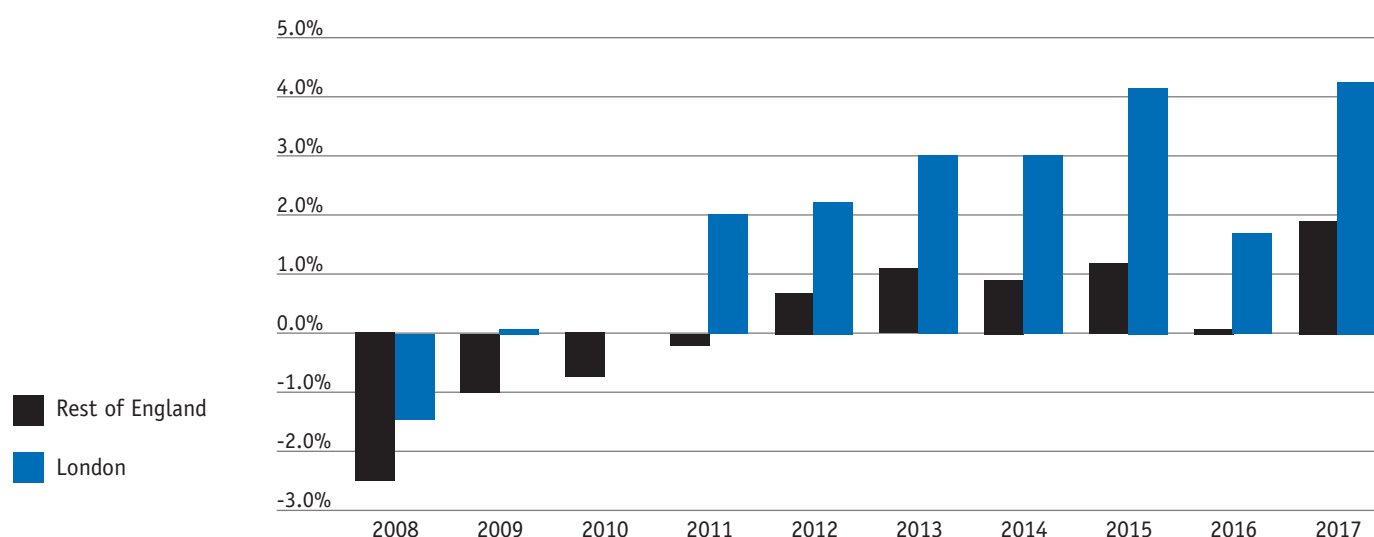
Figure 10: London pupil population growth



Like the general pupil population, the number of pupils with EHCPs has consistently grown at a faster rate in London than the rest of England. The 22 per cent increase in pupils

with EHCPs or Statements in London between 2010 in 2017 compares to growth of only 5.7 per cent in the rest of England over the same period (figure 9).

Figure 11: Annual change in number of pupils with EHC plans / statements



The demand for SEND places is expected to continue to increase in the coming years as a result of statutory protections for young people up to the age of 25. 19 to 25 year-olds who would not have been eligible for Statements in the past can now apply for EHCPs, causing an increase in the number of young people at FE colleges with an EHCP.

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. Table 4 shows significant changes in the characteristics of pupils with SEND attending special schools in London over the last seven years.

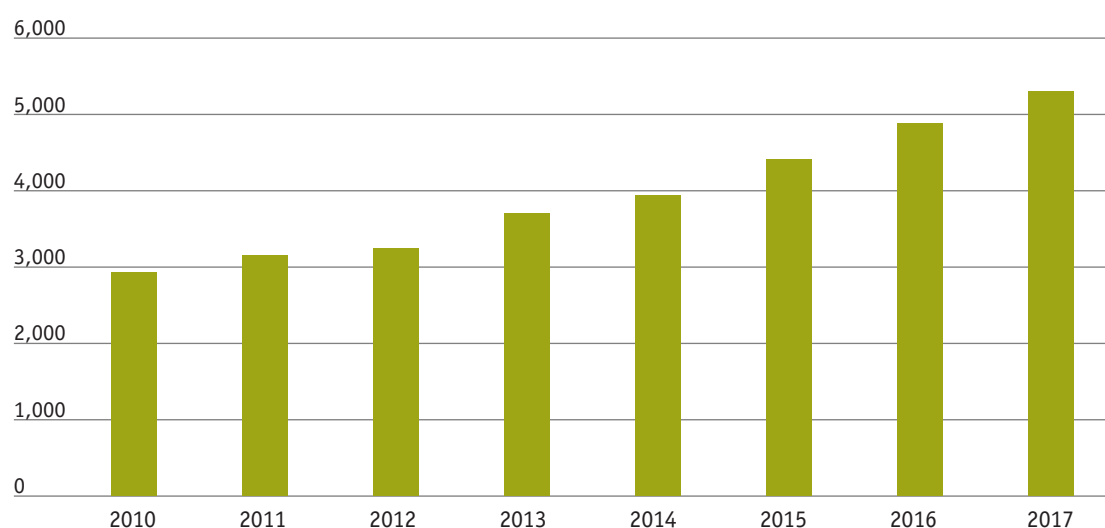
Table 4: Type of need in London special schools

	Type of need - London special schools			
	2010	2017	Change (2010 to 2017)	per cent
Autistic Spectrum Disorder	2910	5390	2,480	+85%
Severe Learning Difficulty	2540	3154	614	+24%
Profound & Multiple Learning Difficulty	1140	1558	418	+37%
Speech, Language and Communications Needs	680	874	194	+29%
Specific Learning Difficulty	100	214	114	+114%
Multi-Sensory Impairment	40	60	20	+50%
Visual Impairment	220	226	6	+3%
Hearing Impairment	190	182	-8	-4%
Moderate Learning Difficulty	1850	1617	-233	-13%
Physical Disability	680	390	-290	-43%

The rapid rise in prevalence rates for Autistic Spectrum Disorder is particularly acute in London (figure 12). Between 2010 and 2017

the number of pupils with ASD in special schools increased by 85 per cent .

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



These changes have significant implications for local authority places planning teams. Schools that were previously designed to suit children with certain needs are now required to meet entirely different needs. On top of this, the types of need that are on the rise are increasingly complex, requiring more specialist provision. This places further demand on local authorities to source and identify funding for appropriate provision for a wide range of complex and changing needs.

Cost of providing SEND places

School places for children with SEND are significantly more expensive than mainstream places. The average cost per place for new dedicated SEND places is around three times higher than the cost per mainstream place, according to analysis by London Councils (table 5)⁸. 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 £100,000 per place.

Table 5: average cost per place

	Mainstream	SEND
Average cost per place	£22,190	£69,055

⁸ This is calculated by comparing the aggregate spend on SEND places to the aggregate number of SEND places across data from 23 boroughs. Therefore, this overall mean figure masks significant variation between the cost of different types of SEND provision.

.....

The funding provided by central government for local authorities to deliver places for children with SEND does not cover the full costs incurred by councils. The lack of funding to meet rising need for places in-borough means that councils are having to pay high prices out of their revenue budgets for independent and out-of-borough provision. Local authority revenue overspends on high needs could be significantly reduced if central government were to provide sufficient capital funding to local authorities on a consistent basis to ensure that demand is met locally.

The DfE recently provided every local authority in the country with a capital funding allocation of at least £500,000 to support provision of SEND places. London will receive £62 million from the £215 million SEND capital provision fund, covering the years 2018/19 to 2020/21. Local authorities are able to use the new funding to either improve existing facilities or create new places in mainstream schools, special schools, nurseries, colleges and other provision.

This is a step in the right direction and will provide much needed funding for boroughs across London. Based on the cost per place analysis above, this new funding could enable boroughs to create around 900 new SEND places; in practice, the exact figure is highly dependent on existing spare capacity and types of need. The increase in demand shows no signs of abating, and it seems unlikely that 300 places a year will be sufficient to keep pace with future demand. Furthermore, investment is needed on a more consistent basis to ensure that local authorities can plan strategically to address future demand.

The DfE should work with local government to understand the true costs of providing SEND places and devise a formula to provide allocations on a permanent basis, taking into account overall demand, types of need, and full costs of provision.

Different types of provision

School places for children with SEND can be provided in a variety of types of provision⁹. In 2017, 56 per cent of pupils with an EHCP or Statement were educated in a special school, special unit, or additional resourced provision. 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 Additional 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.

The Children and Families Act 2014 enshrines parents' and young people's rights to express a preference for a provider on an EHCP. Councils focus on delivering places across a range of provider types to give parents and young people a choice. In so doing, local authorities are striving to strike a balance between inclusion in mainstream schools and the requirement for specialist provision for children with more complex needs.

Boroughs have successfully created SEND places across different provider types to meet

9 London Councils analysis of *Special Educational Needs in England: January 2017*, DfE, <https://www.gov.uk/government/statistics/special-educational-needs-in-england-january-2017>

demand, but this has not always been an easy task. The separate challenges experienced in relation to the provision of SEND places in specialist and mainstream settings are highlighted in the sections below.

Challenges for delivering SEND places in specialist settings

Creating specialist provision can take a long time, and requires significant capital investment. Changing demand and limited capital funding from central government mean that several boroughs are unable to deliver all of the required specialist provision within the local authority boundary. This means that several boroughs rely on independent special schools, or specialist maintained settings that are located out of the borough. London has a higher proportion of children with SEND educated in independent provision than the rest of England, which accounts for 9.2 per cent of all SEND places in London compared to 6.6 per cent nationally¹⁰. Almost all boroughs in London indicate a need to reduce dependency on independent placements and placements in out of borough secondary schools.

The cost of placements in independent provision and out-of-borough maintained provision is placing significant pressures on high needs budgets in London. Independent provision is much more expensive than maintained provision. Out-of-borough placements also incur significant costs, as local authorities are required to meet the travel costs for children attending a setting where they cannot walk due to distance or special needs. A recent London Councils survey showed that 23 out of 28 boroughs are collectively spending £94 million more

on high needs than received from central government – equivalent to a 13.6 per cent funding gap. In addition, there is an estimated average overspend of £1 million per borough on transport for children with SEND. These financial pressures could be significantly reduced if boroughs were supported and financed to provide more specialist maintained provision within the local authority boundary.

The DfE recently approved plans for 20 special free schools across the country, including five in London. For example, Havering is working with the DfE to create a new school specialising in supporting children with ASD and Social, Emotional and Mental Health needs, which will increase the choice of provision for parents of children with these needs, as well as reducing pressure on the council which currently funds a high number of independent and out-of-borough placements.

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. Given the rise in demand, changing types of need, and large overspend on high needs budgets, another round of new special free schools would be a cost-effective way to meet specialist SEND need in the capital. Seventeen out of 16 London boroughs said that they would be likely to put in an application for a special free school if the DfE were to run another round of applications¹¹. London Councils has argued that free schools should be prioritised where they meet need, and the slowing of demand for mainstream places means that the free schools programme should focus more

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

11 This data is taken from a survey undertaken by London Councils in August 2017

The London Borough of Croydon: Working with parents on special free school design

Croydon was successful in the DfE's recent round of applications for new special free schools and is preparing to open a new school specialising in ASD in September 2020, admitting children aged 2-19 years.

Croydon's vision is for children and young people with special educational needs to have the opportunities they need to gain independence and employment in or near their local community. To achieve this vision the council has a plan to provide a continuum of good or outstanding state-funded specialist education. The proposed new DfE-funded free special school for children and young people with autism spectrum disorder and learning difficulties is an important step forward.

Critical to successful beginnings for Croydon's new state-funded free special school is the engagement of councillors, our parent/carer forum, other special school head teachers, and the local community. We are expecting our new school to provide outstanding communication and behaviour-based teaching and learning; promote intergenerational cohesion and work in partnership with the local authority and other schools.

The council believes that the quality of the new school building is extremely important, both to ensure children learn in the best possible learning environment and to ensure the facilities are designed to best meet each child's needs.

Croydon will be working closely with parents/carers throughout the planning and designing stages of the new special free school. The local authority will invite bids from interested providers and will work with a parent advocate group to determine who is best placed to deliver the school. Croydon will also ensure that the local authority, provider, and parents' panel all work in partnership to design the school. This means that the school building and environment will reflect the needs of both parents and children.

This approach will need to be coupled with sufficient investment from the DfE to fund a high quality build that will reduce pressure on expensive placements and provide much-needed specialist SEND places in the local area.

on addressing the shortfall in affordable and local dedicated SEND places.

Challenges for delivering SEND places in mainstream settings

Central government has a clear intention to promote inclusion of children with SEND in mainstream settings where possible. Boroughs work with schools to create special units and ARPs so that a child can attend a mainstream setting where this is the preference of the

parent, and councils have had much success in creating more dedicated SEND places in mainstream schools.

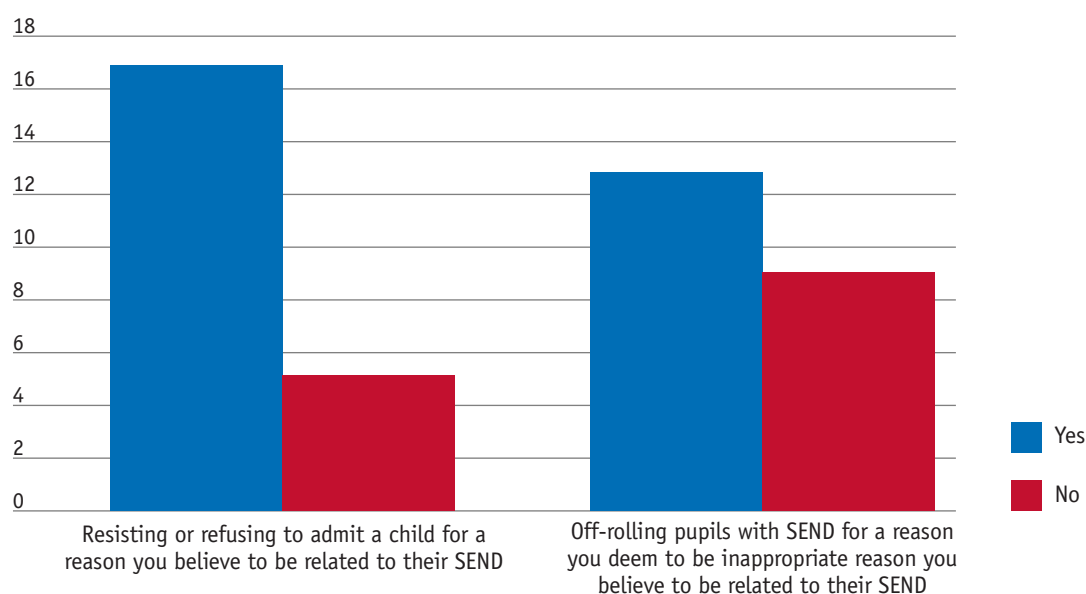
However, many boroughs have experienced issues with schools refusing to admit or keep children with SEND at their schools, despite there being a legal requirement to do so. Recent research on high needs funding carried out by the ISOS Partnership on behalf of the DfE also highlighted evidence that

schools are not adhering to this requirement, mainly because of the potential impact on exam results and, to a lesser extent, the costs of the provision and more specialist staff¹².

This research reflects the experience of local authorities in London. Nineteen out of 24 London boroughs who responded to a London Councils survey had experienced academies resisting or refusing to admit a child with SEND (figure 11). 14 boroughs reported that

they had come across this situation on more than 4 occasions. Furthermore, 13 out of 23 boroughs had come across academies off-rolling pupils with SEND inappropriately, about half of which have experienced this more than four times. The fact that these practices are common across a range of boroughs suggests that action needs to be taken to enforce inclusive practice more consistently.

Figure 13: Number of London boroughs who have experienced academies within the borough exhibiting the following behaviours in relation to children with SEND



While local authorities can experience resistance from maintained schools as well as academies, the challenge is particularly great in relation to academies because councils do not have the power to direct an academy to change their approach, as they would a maintained school. Furthermore, there

is little evidence that inclusive practice is being enforced via central government. Local authorities report instances of having worked successfully with individual schools and governors to change their approach, but in many cases councils have been forced to find alternative provision for the child in question,

¹² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/445519/DFE-RR470_-_Funding_for_young_people_with_special_educational_needs.pdf

either because the school's approach has caused parents to seek an alternative provider or because the school has simply continued to refuse to change its behaviour. Given the lack of local authority control over academies, it is vital that Regional School Commissioners work with councils to understand the scale of this issue and to address individual cases by directing academies that are acting inappropriately. This will ensure that maintained schools and academies are both held to account in relation to their approach to supporting children with SEND.

The way forward

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

The allocations that boroughs have received from the DfE's £215 million capital fund for SEND are welcome and will help to meet the shortfall in funding for SEND places. However, it is vital for local authorities to have the certainty of sustained capital funding for SEND so that they can plan for the changing demand and needs of the future, and ensure that the right provision is in place at the right time.

In order to maximise the extent to which local authorities can offer the best options for children, parents and young people, it is crucial that they are provided with the funding and powers to ensure that provision

can be created across a range of provider types. Therefore, the DfE should continue to work with local authorities to fund and support the creation of new special free schools, which will reduce pressure on high needs and SEND transport budgets and ensure that parents and young people have a choice of provision within the borough.

Furthermore, in order to ensure that local authorities can create appropriate provision in mainstream schools, the system of accountability needs to be significantly improved to ensure that academies are supporting inclusive practice by admitting children with SEND when appropriate, allowing special units to be created at the school, and ensuring that no pupils are off-rolled inappropriately. Regional School Commissioners need to work with local government to understand the scale of this issue and identify solutions, including directing academies to change their behaviour when necessary.

Recommendations

To address the issues highlighted in this section, London Councils calls on the government to:

- Distribute capital funding for SEND on a permanent formulaic basis, taking into account the actual cost of delivering new SEND places and expected demand.
- Work with local authorities to create new special free schools in areas of high demand for SEND places.
- Direct academies to enrol children with SEND where they have capacity, to create special units where the school location and infrastructure allows it, and to intervene when academies off-roll pupils with SEND inappropriately.

Further Education (FE)

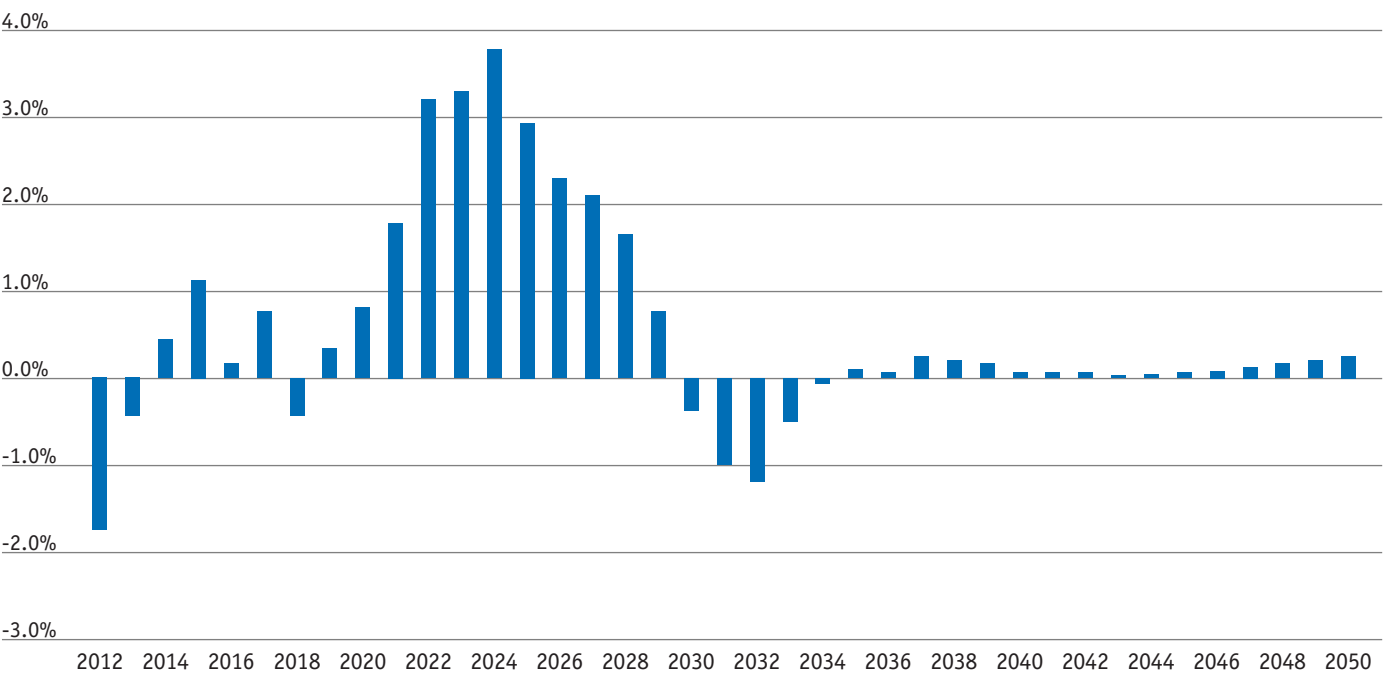
Since 2014, it has been compulsory for students leaving year 11 to remain in education or training until the age of 18. This policy, referred to as Raising the Participation Age (RPA), represents the government’s recognition of the importance of continued education after the age of 16. The introduction of RPA has not only increased demand for places in schools but also for colleges and other training providers as young people’s choices include both academic and technical learning post-16.

Changes in overall demand

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

predicted to increase over the next six 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 between 2020 to 2030, based on GLA long-term population projections (figure 13)¹³. 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 the government plans and makes resources available for local authorities and providers well in advance to ensure that demand is met.

Figure 14: Annual growth rate - 16 to 19 population (London)



13 <https://data.london.gov.uk/dataset/2016-based-population-projections>

The complexity of the sector

The FE sector faces significant pressures across the country, but these pressures are particularly acute in London for several reasons.

The FE sector in London is affected by the rise in the number of young people with SEND who have or request an EHCP. Almost all boroughs have identified a need to expand post 16 SEND provision in response to the increased number of year 11 students seeking an EHCP assessment. This pressure is felt particularly by FE colleges in supporting young people with SEND aged 19 to 25.

Furthermore, London has significant skills gaps in key sectors and an employment rate that lags behind the rest of the UK. The FE system in particular faces high demand for basic skills. Meanwhile, London has a high number of young people choosing to undertake academic pathways with the aim of progressing on to higher education.

Since 2015 young people who achieve a near pass in English and Maths GCSEs are required to re-sit these exams, meaning that FE providers now need to include this in their offer to students. In 2016, 66 per cent of pupils in London achieved A* to C in English and Maths at the end of KS4. While this pass rate is higher than the national equivalent, it still leaves around 34 per cent of pupils entering FE without English or Maths and requiring further teaching and support in these areas to retake the exams.

The FE sector in London needs to be supported and equipped to balance these competing demands and pressures.

Further pressures on provision

The government is placing considerable emphasis on technical education as fundamental to ensuring that young people are equipped with the necessary skills to succeed in the workplace. The government's acknowledgement of the importance of technical education is welcome, but the wave of recent and upcoming reforms will place significant capital requirements on FE institutions which will need to be fully met by the DfE to ensure that providers continue to deliver high quality technical education that meets demand.

The recently introduced apprenticeship levy and the proposals for T Levels both involve training requirements that FE colleges will be expected to provide. While the government has announced £500 million of funding per year to support the work placement element of T levels, there is no recognition of the significant capital investment needed to bring parts of the sector up to industry standard and create more places. The ESFA acknowledges the increased operating expenses of technical programmes compared with academic programmes through 'programme weighting', and this will need to be factored in to capital costs as well as revenue costs going forward.

Pressure on FE places is likely to be further increased by the introduction of the transition year for students who are not ready to access technical education at the age of 16 (Post-16 Skills Plan). This will mean that more students will spend three years in education or training post-16, thus increasing the number of 18 year olds in the system, many of whom may be in need of additional support. The DfE will need to work with local authorities and FE providers to assess the

impact on demand for provision and ensure that the resulting capital costs are fully met. Moreover, it is vital that the government re-assesses the revenue funding for full time 18 year-olds in light of this proposal. The 17.5 per cent reduction in funding for full time 18-year old students introduced in 2013 affects providers' ability to deliver high quality provision. The government's own impact assessment identified the disproportionate impact of this policy on London¹⁴.

Nature of demand

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. FE providers also establish their own entry requirements and policies, which can affect the choices available to young people across the different institutions.

It will be important to understand the effect of recent and upcoming policy developments, such as the structure of A levels and the changes to GCSE examinations and grading, on admissions policies and the options that are made available to pupils across the FE sector. This is because changes to admissions policies and young people's decisions about which type of setting to attend affect patterns of supply and demand in the sector. Local authorities need to be equipped to respond to these changing patterns in order to ensure that they deliver on their duty to provide sufficient places to meet demand.

Table 6: Distribution of KS4 and KS5 pupils

	Further education college or other FE provider	School sixth form - state funded	Sixth form college	Other education destinations	Sustained employment and/or training destination	Destination not sustained/activity not captured in data
Inner London	27.0%	49.0%	15.0%	1.0%	1.0%	6.0%
Outer London	25.0%	57.0%	10.0%	1.0%	2.0%	4.0%
England	38.0%	39.0%	13.0%	1.0%	3.0%	5.0%

Currently, the FE system lacks a body with overall oversight and responsibility. While councils have some controls over the funding for schools, they have no power or levers over private FE providers, which receive funding directly from central government. Furthermore, local authorities have very

limited access to data collected by the DfE on supply within the FE sector. This creates an additional challenge for local authorities who must plan provision to meet their sufficiency duty without access to critical information on supply.

¹⁴ Department for Education, 2014, Funding reduction for EFA-funded institutions and providers educating full-time 18-year olds, Impact Assessment

The way forward

London Councils believes that 16 to 18 provision should be devolved to London local government and greater control should be given to the capital over policy and commissioning. The Adult Education Budget (AEB) is due to be devolved to the Mayor of London by 2019/20 and FE capital funding is devolved to London and overseen by its Local Economic Partnership¹⁵. Devolution of 16 to 18 provision will allow London to take a much needed whole-systems approach that can reflect London's progression and economic priorities. Local government should have the funding and levers to support both schools and private FE institutions to ensure that young people can undertake their chosen course and that schools and colleges have appropriate funding to deliver high quality education and training.

London local government should also be given control over all vocational capital investment, including 14-19 capital provision and Institutes for Technology, alongside existing FE capital responsibilities. London government should be part of the decision-making process for the number and location of university technical colleges, technical free schools and Institutes of Technology. These two reforms would enable a more strategic, co-ordinated approach to investment.

London Councils believes that it is vital for the government to work closely with local authorities and providers to ensure that the full impacts of changes to the level and nature of demand are fully understood. The DfE needs to meet costs incurred by schools

and colleges as a result of RPA and reforms to technical education and ensure that providers are fully funded to offer an appropriate and varied range of provision for all young people.

Recommendations

To address the issues highlighted in this section, London Councils calls on the government to:

- Invest in the FE sector to ensure that the costs of meeting future demand for provision are fully met, including covering the capital costs of delivering provision supporting technical pathways and apprenticeships.
- Devolve 16 to 18 provision and vocational capital investment to London local government in order to ensure consistent and appropriate delivery of FE across all provider types.

¹⁵ Department for Education, 2014, Funding reduction for EFA-funded institutions and providers educating full-time 18 year olds, Impact Assessment

Appendix – shortfall analysis methodology

Shortfall analysis

The Department for Education 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 in our model is taken from the annual school capacity survey (SCAP), while pupil numbers are taken from local authority forecasts of pupil numbers submitted to the Department for Education.

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.

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 2022/23, primary pupil forecasts are only available up to 2020/21. London Councils have extrapolated local authority forecasts from SCAP underlying data to obtain primary pupil population figures beyond this, allowing pupil numbers in previous years to feed through the system while adjusting for the trend over time.

