

Managing surplus places in London schools

January 2023

Introduction

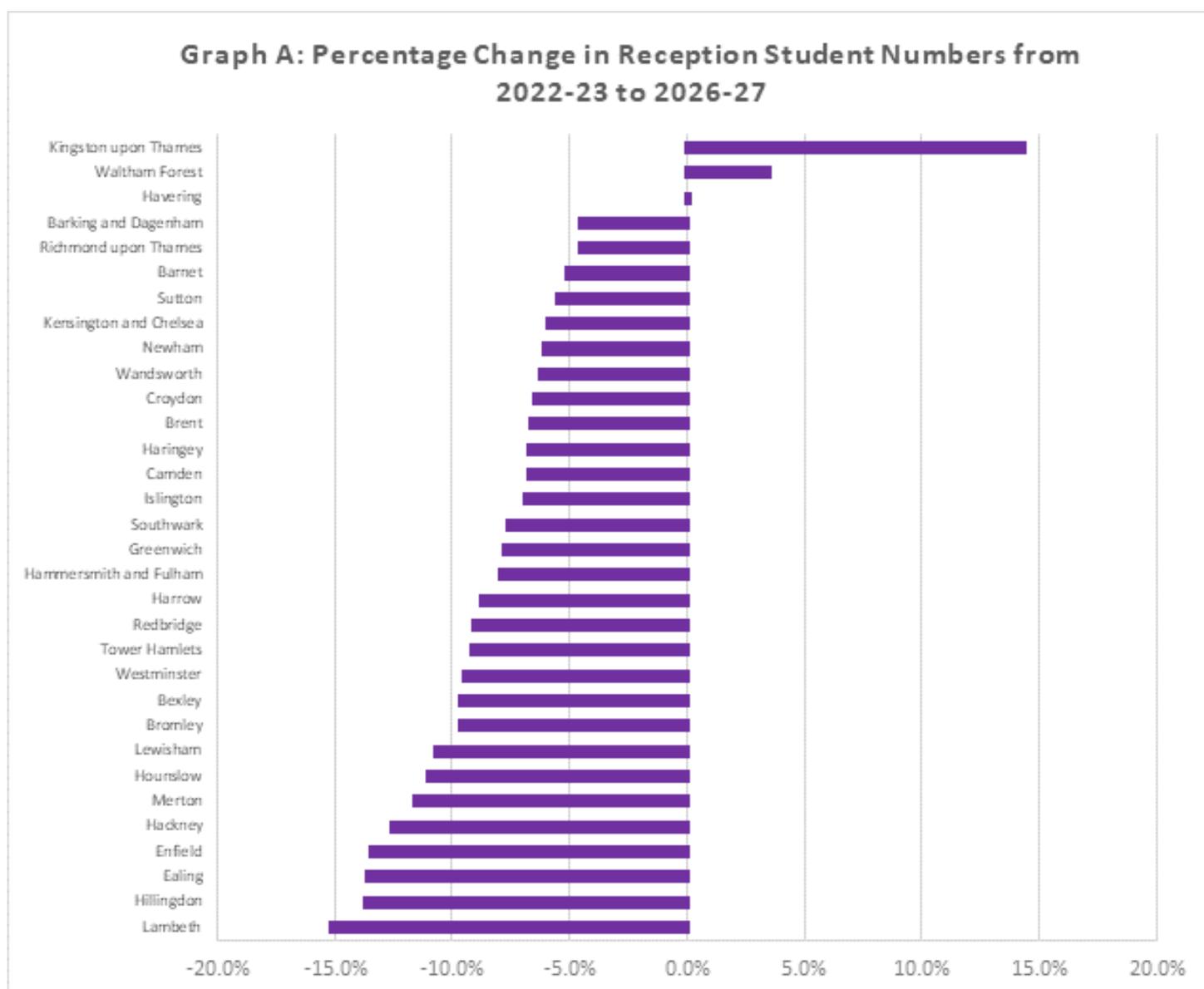
London local authorities and schools are currently dealing with a significant and sustained period of reduction in demand for reception places, which has implications for school budgets and standards. The fall in demand reflects the decline in the birth rate since 2012 and changes in migration patterns in London. This report sets out the analysis of borough four-year forecasts of demand, the current challenges facing schools and local authorities in relation to planning school places, and recommendations for what local government, London Councils and the government can do to support the school system through this challenging period.

Analysis of local authority forecasts of demand for school places

Reception

Since 2017 London's local authorities have steadily seen demand for reception places start to plateau in some areas, and then more recently begin to drop across most areas of London.

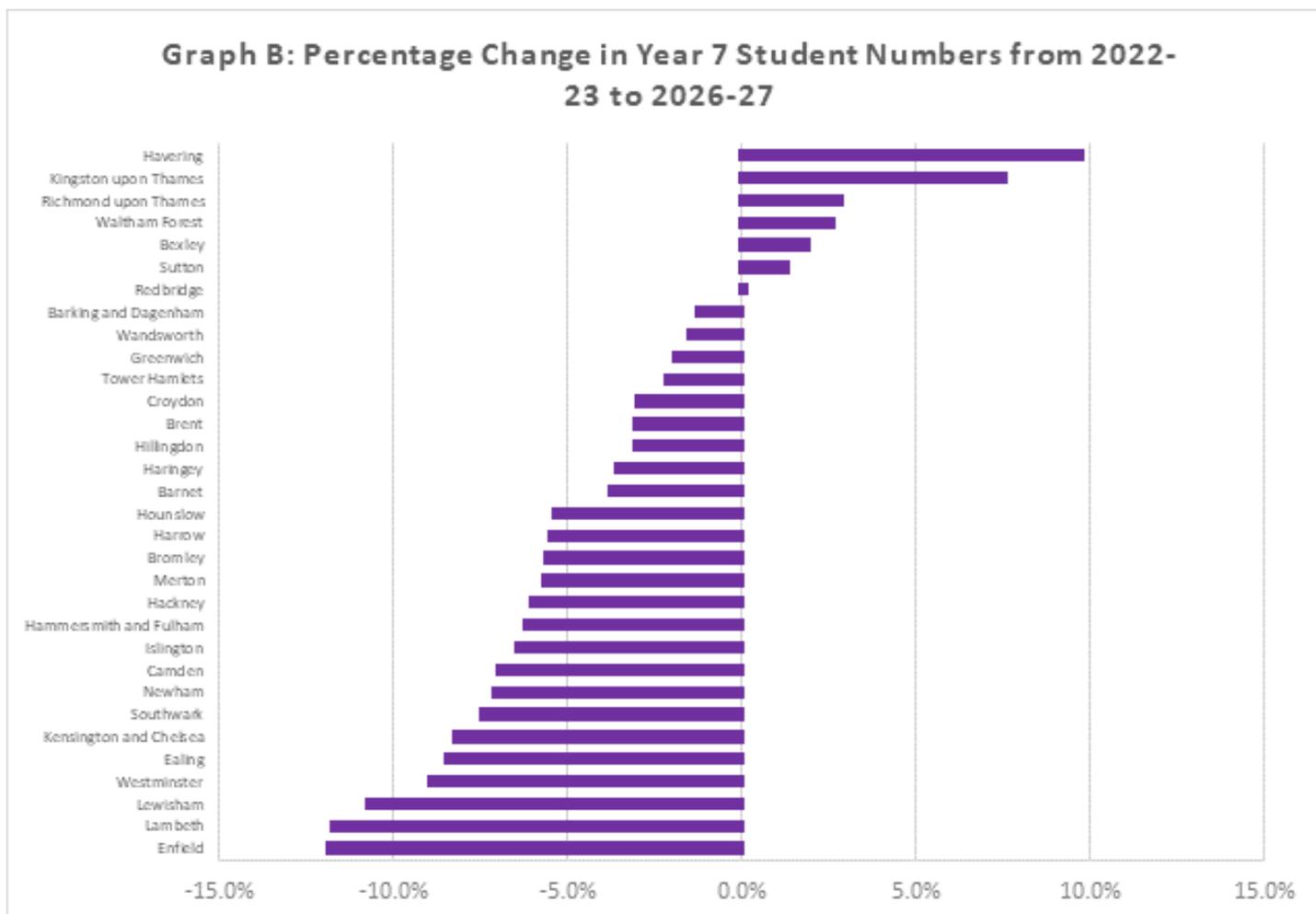
London Councils has analysed data from 32 London boroughs¹ which reveals that 29 London boroughs are expecting a drop in demand of over 4% for reception places between 2022-23 and 2026-27, which is set out in Graph A. On average, **London boroughs are predicted to see a 7.3% decrease in reception pupil numbers from 2022-23 to 2026-27** and London's total reception numbers are predicted to decline from 96,424 to 89,121 over this period (reflecting a 7.6% total decrease).



¹ Analysis excluded City of London. With a low number of schools and therefore of pupils, including them in the analysis would have skewed averages.

Year 7

Forecast demand for year 7 places in secondary schools across London is predicted to drop by a total of 3.5% between 2022-23 to 2026-27, representing a slower rate of decline than at the primary level. This amounts to a decrease from 92,722 to 89,510 children. 7 London Boroughs are forecasting growth over this period, which is set out in Graph B below.

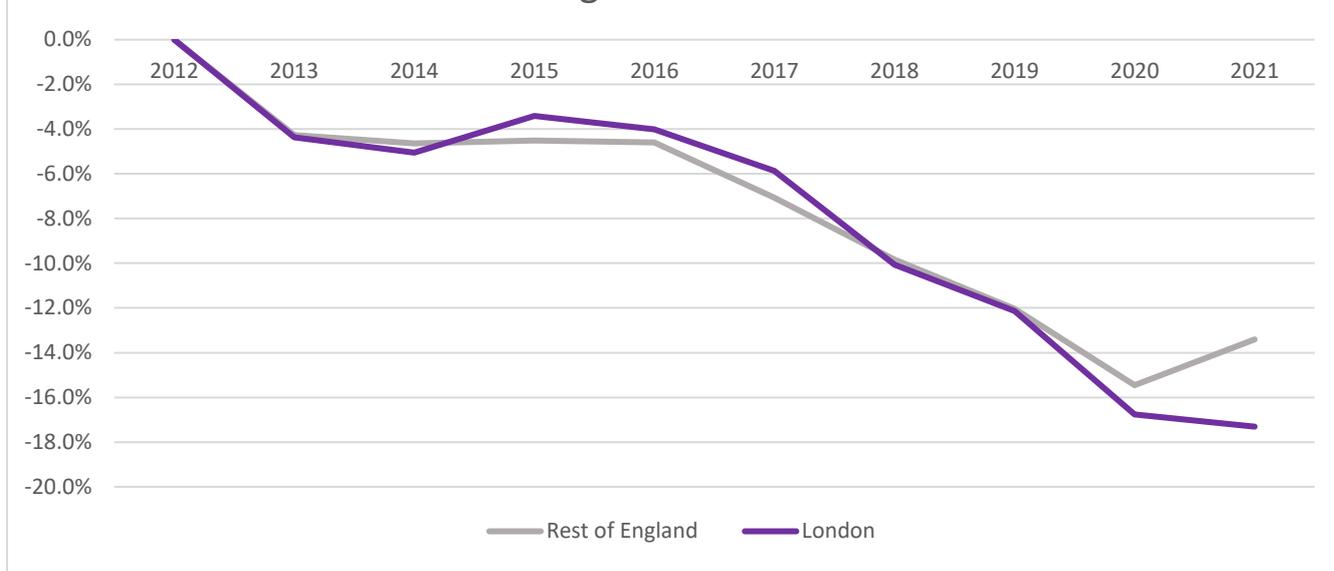


Drivers

The birth rate is the main driver behind the decrease in demand for school places. **Between 2012-2021 there has been a 17% decrease² in the birth rate in London**, a reduction of 23,225 live births across the capital. Graph C sets out the percentage change from 2012 to 2021 in live births in London, in comparison with the England average.

² [Births and Fertility Rates, Borough - London Datastore](#)

Graph C: Percentage Change of Live Births across London and England 2012 - 2021



Clearly the drop in the number of live births in London set out in graph C, particularly the significant reduction in the last two years which falls below the national average, is having and will continue to have an impact on demand for reception places.

However, there are other key factors at play which are also having an impact on demand for reception places in London. The boroughs have reported to us that they have experienced shifts in their local child population since the right of entry and freedom of movement has been withdrawn from EU nationals and as a result of families leaving London during the Covid-19 pandemic.

Some areas are planning new housing developments or are experiencing high numbers of families arriving from overseas, particularly from Hong Kong, Afghanistan and Ukraine, and are therefore forecasting pockets of growth. However, this growth can be transient and hard to forecast in the long term. There has been some uncertainty around growth forecasts, for example there has been a decline in child yields (average child per unit) in housing developments in recent years, which makes it difficult for local authorities in areas of significant regeneration to forecast accurately the number of children that will need school places.

When analysed at a sub-regional level, there is some variation in demand with some sub-regions clearly facing more demand pressure than others, particularly at primary. Table A sets out the London sub-regional breakdown of forecast percentage drop in the number of reception and Year 7 pupils.

Current challenges

	Percentage change in the forecast number of reception pupils from 2022-23 to 2026-27	Percentage change in the forecast number of Year 7 pupils from 2022-23 to 2026-27
North Central	-8.3%	-6.7%
North East	-5.0%	-0.9%
North West	-10.5%	-5.3%
South East	-9.9%	-5.0%
South West	-4.3%	0.0%

There are a number of current pressures in the system that are making it difficult for local authorities to manage the school place planning and admissions systems, and support schools during this period of declining rolls, including:

Funding system

The majority of school revenue funding is allocated on a per pupil basis. Therefore, any decrease in pupil numbers will reduce the funding a school receives. Many primary schools in London are already struggling to balance budgets this academic year, due to a combination of factors including inflationary price increases, a shortage of teaching and support staff leading to increased spend on expensive agency staff, and a significant pay award for support staff. The government has committed through the Autumn Statement to increase core revenue funding for schools, which is welcome for the sector, but it is not yet clear whether the funding for London's schools will be sufficient to cover increased costs. If a primary school is also struggling with falling rolls this will lead to a smaller government funding allocation which will put further pressure on the budget.

To manage and balance budgets schools will increasingly have to make efficiencies, which include reducing costs and exploring opportunities to increase income, for example, by hiring out facilities. However, in many cases these options have already been taken and budgets are still under pressure before they must deal with the financial impact of surplus school places. It is important that the government recognises this pressure in the system and funds schools appropriately and in line with inflation, so that they are more financially resilient and are better able to manage a decrease in demand or a surge in in-year admissions.

Standards and School Improvement

The reduction in school finances means that schools will have to make difficult decisions to balance their budgets, for example by reducing the number of teaching and support staff, narrowing the curriculum offer and extracurricular opportunities, that could have an impact on school standards. With increased numbers of children with SEND, complexity of need and mental health, many London schools are under pressure. Schools need to focus on the quality of education for all children and school improvement, however with the reduction in real time funding and budgetary impacts of managing with a surplus of places, there is a real concern that this will have an impact on school performance.

School mergers and closures

In the face of a combination of such increasingly difficult circumstances, primary schools with small rolls and that are forecast to remain low will find that the only option for the school and their local authority is to merge the school with another school or close it altogether to avoid negatively impacting on children's outcomes. This process requires a great deal of consideration and consultation to ensure that the children attending the school receive a better quality of education at a new school that is more financially robust.

Many one form of entry primaries, including many Church schools, in London are particularly at risk. In some cases, there are liabilities, for example Private Finance Initiative (PFI) payments, that would continue even if the school closed. It is important that school and local authority leaders are supported when needing to consider school closures to make decisions in a timely and effective manner to benefit local children, whilst also being mindful of protecting the school's estate ahead of a potential population increase in the future.

Academies

Local authorities rely on effective partnership with academies to manage the impact of falling rolls, for example by securing reductions in Published Admission Numbers (PANs) where there is a drop in local demand for places. The lack of statutory levers can make it difficult for local authorities to influence decisions made by academies in relation to falling rolls, for example when an academy is resistant to changing its Published Admissions Number (PAN) despite a reduction in demand patterns which could destabilise other local schools.

In-year mobility

Local authorities are reporting that they have seen a much higher than average number of in-year admissions over the past year. Across 23 London boroughs, the number of in-year admissions received last school year (from September 2021 to July 2022) had increased by 10,687 in comparison with the 2019-20 school year. This amounts to an increase of 5,658 children across London's primary schools and 5,029 at secondary level. Even accounting for the impact of Covid on in-year admissions in 2019-20, from March 2020 onwards the increase is considerable. Boroughs have reported that this increase in in-year admissions is due to several factors including families choosing to move to different boroughs due to changes in working patterns and lifestyle choices following the Covid-19 pandemic, whilst others move into London including from Afghanistan, Hong Kong and Ukraine.

High numbers of pupils arriving during term time can put significant pressure on individual schools in terms of ensuring sufficient quality teaching and support is available, at a time when schools are already under considerable financial pressure. No immediate funding is made available by the Department for Education (DfE) for in-year admissions as funding is linked to school Census dates undertaken on a termly basis. Boroughs are reporting that a disproportionate number of in-year admissions are children with Special Educational Needs and Disabilities (SEND), some of whom have significant needs but do not yet have an Education Health and Care Plan (EHCP), which puts additional pressure on schools to meet needs without the required funding.

The Schools White Paper proposed that local authorities should have responsibility for in-year admissions for all schools, which would make the system easier for parents to navigate and local authorities to manage. Local authorities are supportive of the need for all children, particularly new arrivals from overseas who may have already faced significant disruption, to be offered local, high quality school places but this may require, in some cases, going above a school's PAN. Local authorities would welcome the co-ordinating role for all in-year admissions but will need powers to direct all schools to accept children, where appropriate.

Free schools

The DfE has shifted away from opening new primary free schools in London, in recognition of the lack of demand for new places and the impact that new schools can have on other local schools if there is no demand. Applications for new free schools must demonstrate that there is a clear need for new places in the chosen area before the DfE will support the bid.

However, some primary free school developments that were approved some time ago have been delayed and are still in the pipeline to open, despite demand patterns shifting dramatically in local areas. Opening a new school in an area where there are falling rolls can cause significant and unnecessary turbulence to the system. In some parts of London free schools in the pipeline have been withdrawn by sponsors in response to changing need, but it would be helpful if the DfE took a more proactive role in withdrawing applications in areas where needs have changed.

Children with Special Educational Needs and Disabilities (SEND)

The number of children with SEND continues to increase in London. In 2021/22 4.3% of children and young people in London had an Education Health and Care Plan (EHCP) which had increased from 3.1% in 2017/18. The England average in 2021/22 was 3.9%.

Many children with an EHCP receive a good education in mainstream schools that are able to meet their needs effectively. However, some mainstream schools are not as inclusive as they could be in admitting children with SEND and providing an appropriate level of provision for them. We have previously advocated in our response to the DfE's SEND and Alternative Provision Green Paper in June 2022 for a more inclusive education system that better meets the needs of many more children with SEND. For example, by creating Additional Resourced Provision units that provide specialist provision on the same site this enables more children with an EHCP to access mainstream provision.

We have previously researched examples of high-quality inclusive practice in mainstream schools in London, as well as identified barriers to inclusion, which included a lack of engagement from some academies that were more focused on attainment than supporting all pupils³. There is an

³ [Inclusive Practice in Mainstream Schools | London Councils](#)

opportunity now with surplus places in many primary schools across London to identify ways to make them more inclusive to children with SEND. This will require a collective effort from local authorities, schools and the DfE, particularly to ensure that schools are appropriately funded to be able to deliver the support required to meet the needs of children with SEND.

Promoting inclusion across all London schools will help many more children with EHCPs attend mainstream provision, however many children with SEND need provision that is best delivered through a special school. The London boroughs are increasingly struggling to find good quality, local specialist provision to meet this growing demand and there is an urgent need to build more special schools to increase capacity. London Councils has already called on the government to enable local authorities to set up new provision, where there is no strong MAT in the local area willing to develop new special provision. Local authorities can use the free school presumption route to transform a mainstream school to specialist, but this does not provide any capital funding which is usually needed in order to adapt any school facilities for a new cohort of children with SEND.

16-18 education

As this report sets out, pupil numbers in Year 7 are dropping across London and are forecast to reduce by 3.7% on average across London over the next four years. However, demand for places in 16 to 18 education and skills is expected to continue to increase for the next two to five years and will remain above current levels for up to a further two years afterwards. This is borne out by both the DfE's National Pupil Projections (July 2022) and the Greater London Authority's (GLA) population projections. In the medium to longer term though, 16 to 18 education and training providers will need to start thinking about what the impact of the forecast reduction in numbers will have on their budgets and standards, and to get ahead of this curve now to ensure that they can continue to deliver good quality provision.

Leadership support

Most senior school and local authority leaders in London have limited experience of the last time that London's schools went through a period of falling rolls, including direct engagement with reducing capacity or closing schools. Therefore, there is a need to support leaders to be able to manage these challenging processes, through for example organising opportunities to share good practice and experience.

Solutions – strengthening the places planning and admissions system

Given the forecast decrease in demand across London and the current challenges set out above, it is imperative that schools, local government, and central government work together to strengthen the places planning and admissions system to ensure that all children have access to a high-quality school place, in the face of falling demand for school places.

To support schools dealing with surplus places the government needs to do the following:

- Ensure school funding levels keep up with inflationary increases, which will help schools to be more resilient in the face of changing demand patterns
- Work with local authorities and schools to promote more inclusion in schools, including reviewing funding allocations to ensure that schools receive consistent and appropriate levels of funding to enable more children with SEND to access mainstream school places
- Enable local authorities to open their own special provision, where there is no strong MAT willing to sponsor a local special school and there is clear demand for more provision, and make capital funding available to support this
- Give local authorities the power to manage an academies' reduction of PAN or closure, where there is clear evidence locally of a significant drop in demand and a need to act to ensure that a school remains financially viable. Local authorities already have stronger powers in this area in relation to maintained schools, working in consultation with head teachers and governing bodies.
- Give local authorities the responsibility for in-year admissions, as set out in the Schools White Paper, and powers to direct all schools to accept local children on to their roll, where appropriate. Local authorities already have this responsibility in relation to maintained schools.
- Work closely with local authorities where there are still free schools in the pipeline, to ensure that they are still needed and withdraw applications where there is no evidence of need.

At the same time, we recognise that local authorities and London Councils have an important role in terms of supporting the system, through:

- Raising the profile of the drop in demand for primary school places across London, the impact that this is having on schools and the need to strengthen the system to be able to mitigate the impact
- Identifying and sharing best practice where local authorities have found solutions to managing surplus places, balancing budgets, managing reductions in PANs, and school mergers or closures.
- Exploring ways to support school and local authority leadership through the difficult decision-making processes, particularly in terms of reducing school sizes, managing school mergers and closures.
- Researching further innovative solutions to support schools in managing the drop in demand.
- Monitor the impact of changes in school rolls through ongoing strategic dialogue with regional partners