



Capital Funding for School Places, 2018-19: Explanatory note

Overview of Methodology

The basic need capital allocations announced on 17 March 2016 are made to local authorities (LAs) to support the capital requirement for providing new pupil places by expanding existing maintained schools, free schools or academies, and by establishing new schools. The methodology used for 2018-19 is very similar to that previously used in making allocations for 2015-18.

Allocations for 2018-19

£1.15 billion has been provided by the Department for Education for basic need allocations for the financial year 2018-19. This has been allocated based principally on data collected from local authorities in the 2015 School Capacity Survey (SCAP). This collects information on the capacities of schools in each planning area of each local authority (LA), as at May 2015, and local authorities' forecasts of pupil numbers for several years ahead.

Basic need funding is allocated on the basis of a comparison of forecast pupil numbers with school capacity, with shortfalls in capacity attracting funding. The allocations for financial year 2018-19 are based upon the projected need for new places by September 2019.

Adjustments are made to account for school places for which central government funding has already been provided but which are not reflected by the data collected through SCAP. This avoids double-funding places. Specifically the department:

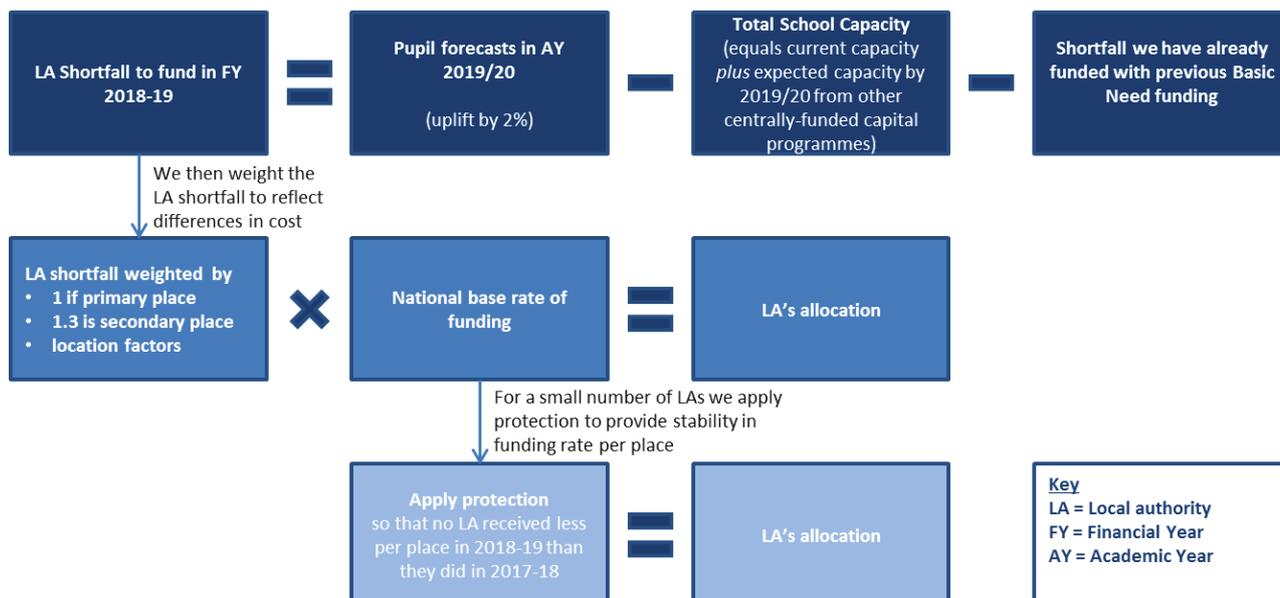
- adds to school capacities the full number of additional school places we expect to be delivered through the Targeted Basic Need, Building Schools for the Future, Priority Schools Building programmes, and Condition Improvement Fund;
- adjusts the capacity recorded in the SCAP for those free schools that opened in September 2014, as we know not all year groups will be operating in those schools by September 2019;
- includes the places in use by September 2019 for those free schools that opened in September 2015 (and therefore would not have been captured in the May 2015 survey); and
- includes the places in use by September 2019 for those free schools that are due to open in September 2016 (and therefore would not have been captured in the May 2015 survey).

Shortfalls are calculated by comparing the forecast pupil numbers in academic year 2019/20 to capacity in each planning area. We uplift pupil forecasts by 2 per cent at planning area level, to support an operating margin. We aggregate these shortfalls to give shortfall estimates for each LA. Surpluses are counted as 'zero', and are not used to offset shortfalls in other planning areas or year

groups. These shortfalls are then adjusted to take account of the funding which authorities will receive from the 2013-15, 2015-17 and 2017-18 basic need allocations, to fund places for the academic period 2012/13 to 2018/19. The assumption is that authorities will, with that prior funding, be able to create all of the places their SCAP 2012, SCAP 2013 and SCAP 2014 data (which underpin the previous 2013-15, 2015-17 and 2017-18 allocations) indicated they would need by academic year 2018/19.

The resulting LA shortfalls represent the number of additional places that it is estimated LAs will need for academic year 2019/20. These shortfalls are multiplied by a rate per place which is weighted for primary and secondary places, so that funding for secondary places is 30 per cent higher than primary, and to take account of regional differences to reflect the relative costs of building across the country. These resulting rates per place are different from the last allocation to reflect changing construction costs. So for example in Inner London and in Outer London rates for primary places have increased from £15,862 and £14,672 in 2017-18 to £17,577 and £16,495 in 2018-19 respectively. The corresponding rates for secondary places have increased from £19,828 and £18,340 in 2017-18 to £22,850 and £21,444 in 2018-19 respectively. In making these changes we have ensured that no LA receives less per place in 2018-19 than they did in 2017-18 by applying a protection.

Figure 1: Outline of the methodology for 2018-19 basic need allocations



Additional payments to support local authorities who build ahead of need

2017-18 allocations included additional payments to LAs that had built new primary schools, or whole primary school expansions of seven year groups that opened in 2013/14. This was to recognise that the allocations methodology would otherwise only cover the cost of five of the seven year groups for these projects.

We want to continue to encourage local authorities to make strategic decisions to plan further ahead on primary places. We are reviewing our approach and funding methodology in light of the Government's overall objectives, including the commitment to deliver 500 free schools, and will set out further plans in due course.