School buildings and capital funding (England)

By Robert Long and Paul Bolton

Inside:
1. Levels and sources of funding
2. Priority School Building Programme
# Contents

**Introduction**  
3

1. **Levels and sources of funding**  
   - Duties on local authorities to provide school places  
   - Basic Need funding for local authorities  
   - Targeted Basic Need Programme  
   - School condition funding  
   - Capital maintenance funding and support for multi-academy trusts (MATs)  
   - Other information  
4

2. **Priority School Building Programme**  
   - Development of the PSBP  
   - Education Committee evidence session  
7

Contributing Authors: Robert Long, policy material; Paul Bolton, funding levels
Introduction

This paper provides information on the levels of funding available for capital projects in English schools, as well as on the streams of funding schools may access. The Priority School Building Programme, implemented by the Coalition Government as a replacement for the previous Building Schools for the Future programme, is discussed in a separate section.
1. Levels and sources of funding

Total capital spending by the Department of Education\(^1\) fell from £7.4 billion in 2009-10 to £5.0 billion in 2011-12 and £3.6 billion in 2013-14. It has since increased and was £4.8 billion in 2015-16.\(^2\) The 2015-16 level would be around 40% below the 2009-10 figure in real terms.

The 2015 spending review set out the department’s capital budget up to 2019-20. This is planned to increase to £5.3 billion in 2016-17 before falling below £5.0 billion in the following years and to £3.8 billion in 2019-20.\(^3\) The final year’s figure would be worth around 25% less than the 2015-16 level in real terms and 56% below the 2009-10 level.\(^4\)

Duties on local authorities to provide school places

Local authorities have a duty to ensure that there are sufficient school places in their area, and parents can make representations about the supply of school places. Local authorities must respond to such representations under Section 14A of the Education Act 1996, which was inserted by Section 3 of the Education and Inspections Act 2006.

In a written answer to a PQ in the last Parliament, Nick Gibb, the Schools Minister, set out local authority responsibilities:

> It is the responsibility of each local authority to manage the supply and demand for primary and secondary school places in its area and secure a place for every child of statutory school age who wants one. Ministers play no role in deciding primary and secondary school provision in individual authorities and constituencies but the Department allocates capital funding to enable local authorities to provide sufficient school places.\(^5\)

How local authorities fulfil their statutory duties is a matter for each local authority to decide.

Basic Need funding for local authorities

Basic Need capital allocations 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 most recent allocations to local authorities were made in March 2016, covering allocations to 2018-19, with additional allocations in 2015-17. This funding is aimed at allowing local authorities to create the new school places project they will need by September 2019.\(^6\) The spreadsheet detailing these allocations also includes total Basic Need

---

1. Includes some non-school spending
2. Consolidated Annual Report and Accounts 2014-15, DfE (Table 1); Public Expenditure Statistical Analyses 2016, HM Treasury (Table 1.8)
3. ibid.
4. Adjusted using June 2016 GDP deflators
5. HC Deb 1 November 2011 c612W
School buildings and capital funding (England)

funding by year from 2011 to 2019. It was worth just over £9 billion for the whole period or around £1.4 billion per year.

**Targeted Basic Need Programme**
The Targeted Basic Need Programme, launched in March 2013 by the then Coalition Government, aimed to provide additional funding for school places in areas where they are most needed. It was worth around £0.8 billion in total for the years it covered (2013-15). A breakdown by local authority can be found alongside the most recent Basic Need allocations.

In a July 2013 *Written Ministerial Statement* announcing the successful applicants, the then Schools Minister David Laws stated:

[...] we invited applications from local authorities for additional new places, particularly focused on places in outstanding or good schools, and on creating new academies sponsored by organisations with a good track record in educational success. [...] I am delighted to announce that the Targeted Basic Need programme will provide £820 million to fund an additional 74,000 high-quality school places on top of those already created and funded - all in areas that face the greatest pressure on places. These new places will be in 45 new schools and in 333 expanding schools that are rated as outstanding or good.⁷

In December 2013 the Government announced details of the new **academies being built under the Targeted Basic Need Programme**.⁸

The places created through the programme became available between September 2014 and September 2015.

**School condition funding**
School condition funding is the money allocated by the Government each year to improve and maintain the school estate (buildings and grounds), distributed through three separate allocations:

- **devolved formula capital (DFC) allocations** – direct funding for individual schools rather than via local authorities. Allocations are based on a simple formula which takes school type and pupil numbers into account.
- **school condition allocations** – funding for organisations responsible for large numbers of schools, such as local authorities and large multi-academy trusts
- **condition improvement fund (CIF) allocations** – funding for smaller multi-academy trusts, single academy trusts and sixth-form colleges⁹ (The CIF replaced the Academies Capital Maintenance Fund (ACMF) and the Building Condition Improvement Fund (BCIF))

**Final allocations** for 2015-18 were confirmed in July 2015.¹⁰ The underlying spreadsheet includes local authority level totals for

---

⁷  HC Deb 18 July 2013 c121-122WS
⁸  Department for Education, *BT, Mossbourne Academy and the Harris Federation named among sponsors of new academies*, 12 December 2013
maintained schools in 2015-16, school level DFC allocations for
maintained schools and school/institution level totals for other types of
schools. Earlier allocations can be found in the following links:

- 2008-11
- 2011-12
- 2012-13
- 2013-14
- 2014-15

Capital maintenance funding and support for multi-academy trusts (MATs)

Multi-academy trusts (MATs) with at least 5 academies and more than
3,000 pupils receive a capital funding allocation to deploy across their
estate, designed to address their priority maintenance and expansion

needs. This funding is provided by the Education Funding Agency to
keep school buildings in good condition so pupils can learn in a safe and
effective environment.\(^\text{11}\)

Other information

Information is also available on:

- Academy Property Transactions
- Disposal of school land: Decisions
- An overview of school building and maintenance policy under the
Coalition Government

General information on schools’ capital expenditure and funding is
provided on the gov.uk website.\(^\text{12}\)

The Department for Education’s School Governors’ Handbook, most
recently updated in January 2015, also includes a useful overview of
school capital funding (see section 7.10).

In March 2013 the National Audit Office published a value for money
report on Capital funding for new school places.

---

\(^{11}\) Department for Education, Capital funding for multi-academy trusts (MATs), 11
February 2015

\(^{12}\) Department for Education, Schools capital expenditure and funding collection
[accessed 22 September 2015]
2. Priority School Building Programme

2.1 Development of the PSBP

The Priority School Building Programme (PSBP) was launched by the Coalition Government in July 2011. It replaced the Building Schools for the Future Programme established by the previous Labour Government, which was ended by the Coalition Government soon after it took office. The announcement of the closure included the announcement of a review of capital funding.\textsuperscript{13}

Sebastian James’ review of capital funding was subsequently published in April 2011.\textsuperscript{14}

In a statement to the House in July 2011, the then Education Secretary Michael Gove said that the design of the Building Schools for the Future Programme “was not as efficient as it could have been. Specifically, it did not prioritise schools in the worst condition and it did not procure new buildings as cheaply as possible.”

In its place, he announced the PSBP, which would be available to “all schools—academies, community schools and voluntary-aided schools—and local authorities that are responsible for the maintenance of a number of schools” and focused on schools with the “greatest need”:

> I am also aware that many of our existing school buildings across the country are in desperate need of repair. I am grateful to hon. Members from all parties who have shown me and my colleagues schools in their constituencies that desperately need investment. The energy and skill with which so many colleagues have lobbied underlines how effectively so many hon. Members across the House represent the most needy in their constituencies.

> We have already made £1.4 billion available this year to deal with maintenance problems. Overall, we are spending more on school buildings in every year of this Parliament cumulatively than the previous Government spent in every year of their first two Parliaments. But I want to do more, which is why today I am launching a new privately financed school building programme to address the schools in the worst condition, wherever they are in the country. The programme will be open to local authorities and schools that had been due funding via BSF but, critically, it will also be open to those which, despite real problems, had never been promised BSF funding. I believe strongly that those in genuine need should receive the funding they deserve and that no part of the country should be favoured over any other. Individual schools and local authorities will all be able to apply, and I am launching the application process today. The scheme will be rigorously policed to ensure that we do not incur the excessive costs incurred by previous privately financed schemes. The programme should cover between 100 and 300 schools, with the

\textsuperscript{13} See a Written Ministerial Statement by the then Education Secretary, Michael Gove, beginning at HC Deb 5 July 2010 c47, and the following debate

\textsuperscript{14} Department for Education, Review of Education capital, 5 April 2011
first of these open in September 2014, and is expected to be worth about £2 billion in up-front construction costs.15

In a subsequent letter to local authorities, the then Secretary of State added:

The programme will be available to all publicly funded schools. I am determined that criticisms of the previous model for private financing must be addressed and I will only agree to projects when a series of rigorous value for money tests have been passed.

Local authorities, schools, and organisations with responsibility for schools will be able to submit applications for the programme.16

General information about PSBP is available on the gov.uk website.17

There have been two phases of PSBP. The first was announced in May 2012,18 the second in May 2014.19

The successful schools in this second wave were announced on 9 February 2015. The announcement stated that under this second phase:

[…] around £2 billion will be invested in rebuilding or refurbishing buildings at 277 schools across England, under the second phase of the government’s flagship Priority School Building Programme. 260 schools are already benefiting under the first phase of the programme, bringing the total number to receive a revamp to 537.20

2.2 Education Committee evidence session

In March 2015, the Education Select Committee in the Commons held a one off evidence session on the PSBP, as well as taking written evidence.

In oral evidence, the then Schools Minister David Laws was asked what message he would send to schools that had applied for the two phases of PSBP but not been successful:

Q149 Chair: What message would you send to those schools that applied for PSBP 1 and 2 but failed? What confidence can they have that they will be funded in future?

Mr Laws: If they are academies, I would urge them to apply to the new condition improvement fund. Obviously, through that we fund some quite large bids. We are going through the bids and approving them at the moment. Although some of them are for £40,000 or £50,000, there will be some multimillion pound bids. If they are academies, they can bid for that and potentially get a large amount of money. If they are LA-maintained schools, they should know that we have now made this three-year allocation of maintenance, perhaps for the first time ever, so local authorities now have a lot of money for this, which is allocated on the basis

---

15 HC Deb 19 July 2011 c793
16 Department for Education, Michael Gove announcement on education funding, 19 July 2011
17 Department for Education, Priority School Building Programme, 7 August 2015
18 Department for Education, Written ministerial statement on the Priority School Building Programme, 24 May 2012
19 Department for Education, Education spending, 1 May 2014
20 Department for Education, £6 billion investment to rebuild and improve schools across England, 9 February 2015
of need in their area. Schools should be going to the local authority, particularly if the local authority put them forward for one of the Priority School Building Programmes, and saying, “We are disappointed that we didn’t get into it, but we know you have some money allocated for condition need. You obviously accept that we have condition need, so can we now sit down and talk about how some of that money can come our way?” 21

21 HC 1090, Session 2014-15, Q149
About the Library

The House of Commons Library research service provides MPs and their staff with the impartial briefing and evidence base they need to do their work in scrutinising Government, proposing legislation, and supporting constituents.

As well as providing MPs with a confidential service we publish open briefing papers, which are available on the Parliament website.

Every effort is made to ensure that the information contained in these publically available research briefings is correct at the time of publication. Readers should be aware however that briefings are not necessarily updated or otherwise amended to reflect subsequent changes.

If you have any comments on our briefings please email papers@parliament.uk. Authors are available to discuss the content of this briefing only with Members and their staff.

If you have any general questions about the work of the House of Commons you can email hcinfo@parliament.uk.

Disclaimer

This information is provided to Members of Parliament in support of their parliamentary duties. It is a general briefing only and should not be relied on as a substitute for specific advice. The House of Commons or the author(s) shall not be liable for any errors or omissions, or for any loss or damage of any kind arising from its use, and may remove, vary or amend any information at any time without prior notice.

The House of Commons accepts no responsibility for any references or links to, or the content of, information maintained by third parties. This information is provided subject to the conditions of the Open Parliament Licence.