



## Basic need allocations 2019-20: Explanatory note

### Overview of Methodology

The basic need capital allocations announced on 3<sup>rd</sup> April 2017 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 2019-20 is very similar to that previously used in making allocations for 2015-19.

### Allocations for 2019-20

£980 million has been provided by the Department for Education for basic need allocations for the financial year 2019-20. This has been allocated based principally on data collected from LAs in the 2016 School Capacity Survey (SCAP). This collects information on the capacities of schools in each planning area of each LA, as at May 2016, and LAs' 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 2019-20 are based upon the projected need for new places by September 2020.

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 and Priority Schools Building programmes, and the Condition Improvement Fund;
- adjusts the capacity recorded in the SCAP for those free schools that opened in September 2015, as we know not all year groups will be operating in those schools by September 2020;
- includes the places in use by September 2020 for those free schools that opened in September 2016 (and therefore would not have been captured in the May 2016 survey); and
- includes the places in use by September 2020 for those free schools that are due to open in September 2017 (and therefore would not have been captured in the May 2016 survey).

Shortfalls are calculated by comparing the forecast pupil numbers in academic year 2020/21 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 that LAs will receive from

the 2015-17, 2017-18 and 2018-19 basic need allocations, to fund places for the academic period 2016/17 to 2019/20. The assumption is that LAs will, with that prior funding, be able to create all of the places their SCAP 2013, SCAP 2014 and SCAP 2015 data (which underpin the previous 2015-17, 2017-18 and 2018-19 allocations) indicated they would need by academic year 2019/20.

The resulting LA shortfalls represent the number of additional places that it is estimated LAs will need for academic year 2020/21. These shortfalls are multiplied by the 2019-20 base rate per place; this is the 2017-18 base rate increased by forecast construction inflation (also known as TPI) for the period 2017 to 2019. The 2019-20 base rate 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. In addition, we ensure that no LA receives less per place in 2019-20 than they would in 2018-19 by applying a protection. The basic need funding to be allocated is distributed according to the resulting figures.

**Figure 1: Outline of the methodology for 2019-20 basic need allocations**

