



School Organisation and Capital Funding

Understanding Education – Briefings

What do I need to know?

The supply of school places remains a statutory duty of local authorities. They must also promote parental choice, diversity and fair access.

The local authority must ensure that there is 'sufficient' and 'suitable' education provision for all children so that as well as meeting the demand for places, the local authority must also be mindful of the need to support and raise educational standards. New and additional provision should be an opportunity to make schools better environments in which to learn, to expand successful schools and to make them more accessible to parents and pupils.

Even though councils are legally responsible for making sure that the demand for school places is met, the process for establishing and funding schools is more complex. Local Authorities, for example, do not have direct control of free schools, grammar schools or academy places, which now form a significant proportion of the government's school places strategy.

Types of school:

- Community Schools – these are maintained and controlled by the local authority who employ the staff, own the land and buildings and determine admission arrangements
- Voluntary Aided schools – usually faith schools. The Governing Body employs the staff, sets its own admissions criteria with the land and buildings usually owned by the religious organisation
- Voluntary Controlled Schools – the local authority employs the staff and sets admissions. The foundation or trust owns the land and buildings so approval from the Diocese is needed to make changes to the buildings
- Foundation schools – these are run by the governing body who employ staff and set their own admissions criteria. The land and buildings are usually owned by the governing body, or a trust or charity
- Academies – run by an Academy Trust and independent of the local authority. They are held accountable through a Funding Agreement with the government. They are responsible for premises costs and generally hold a 125 year lease from the local authority
- Free schools – these can be set up by a wide range of people. They are funded by the government and independent of the local authority. They are held accountable to the government through a Funding Agreement. They are generally holders of a 125 year lease from the local authority and look to the government for both revenue and capital funding
- Grammar schools – state funded schools which select their pupils on the basis of academic ability

How decisions are made in relation to school places

Each year, decisions have to be made about whether, where and when additional school places need to be made available. The national framework for planning of school places and arrangements for admitting children to schools means that decisions need to be taken more than a year in advance. The local authority is the admitting authority for all community and voluntary controlled schools, and academies and free schools are their own admitting authority.

The LA consults on proposed admission numbers (PANs) which will inform how it will meet demand for places. There are a number of options it can pursue:

- Negotiating the expansion (or increasing the PAN of) the existing schools and academies where sites allow (and academies agree)
- Commissioning new schools as academies/free schools
- Improving facilities at existing schools (if resources are available)
- Reducing places at existing schools to ensure provision matches demand
- Closing and amalgamating schools as well as facilitating federation when numbers fall

Local Authorities monitor the supply of future places against forecasts for future demand. This will include information about:

- Live birth data to track numbers and location of pre-school children
- Housing developments which generate a pupil yield usually by an accepted formula
- Trend based intake patterns
- Projecting forward Year 6 cohorts in Primary for Year 7 cohorts into Secondary

Opening new schools

Academy free schools are publicly funded schools which operate outside of council control. A key difference is that they are funded directly by central government, instead of receiving their funds via the council. Some academy free schools are sponsored, while some schools have simply converted to academy/free school status without a sponsor.

The Free Schools Programme is demand led. A free school can only open when an organisation applies to set one up. The Department for Education can approve a free school where there is parental demand or standards are poor in an area.

Councils coordinate the admissions system and allocation of places for community schools, and in many cases, for academies and voluntary aided schools. Where a council considers there is a need for a new school in its area, it must seek proposals to establish a free school. The council is responsible for providing the site for the new school and meeting all associated capital and pre/post opening costs.

All new free school proposals require the Secretary of State's approval and it is the Secretary of State who will enter into a funding agreement with the sponsor. The Secretary of State will consider the assessments and preferences of the LA carefully before determining and approving the preferred sponsor for the new school. However, he reserves the right to put in place a sponsor of his own choice.

The role of the Regional Schools Commissioner

The Regional Schools Commissioners (RSCs) are responsible for making decisions about the academies and free schools in the region (there are six in England). RSCs are responsible for approving and monitoring academies and free schools in their area on behalf of the Secretary of State for Education. Their main responsibilities are to:

- monitor the performance of the academies in their area
- take action when an academy is underperforming
- decide on the development of new academies
- address underperformance in local authority maintained schools through sponsored academy arrangements
- make recommendations to ministers about free school applications
- encourage organisations to become academy sponsors
- approve changes to open academies, including: changes to age ranges; mergers between academies; changes to multi-academy trust arrangements

When the Council is seeking to establish a new school in their area, they must seek expressions of interest from parties who would like to be the sponsor of that school. The council can make recommendations to the RSC of their preferred sponsor from those who have expressed an interest, but the decision is ultimately that of the RSC on behalf of the Secretary of State.

Capital Funding

The main sources of funding for new schools or expansion of schools are:

- Basic Need capital funding allocated to local authorities to provide additional school places
 - Capital funding availability through the Academies / Free Schools Programme
 - Sale of surplus assets to release capital receipts
 - Housing developer contributions (currently known as Section 106 Agreements negotiated on a site by site basis, or Community Infrastructure Levy – CIL – a general levy on new developments)
 - Capital Borrowing
 - Use of the local authority's existing capital resources
- Priority Schools Building Programme (for those schools deemed to be in the poorest condition)

Where can I access further information?

School Organisation – Gov.UK

- School Organisation: local authority maintained schools
- Establishing a new school: free school presumption
- New school proposals
- Academies: significant changes or closure by agreement
- Opening a free school
- Voluntary-aided schools: capital scheme