Trading Places

A Management Handbook on the Supply and Allocation of School Places
The Audit Commission

... promotes proper stewardship

of public finances and helps those

responsible for public services

... to achieve economy, efficiency

and effectiveness.
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Preface

This management handbook follows on from the Audit Commission’s national report on the supply and allocation of school places, *Trading Places* (Ref. 1), published in December 1996. That report made recommendations to central government regarding the policy framework within which local education authorities (LEAs) must operate, and also identified areas in which local action could be improved. This handbook amplifies the recommendations for local action by providing more detailed guidance, together with examples of good practice.

This handbook draws on the research carried out for the national report, and has been supplemented by additional fieldwork visits and research, including a questionnaire completed by all LEAs in Wales. The additional work has been carried out by Ian Mackinder, on secondment from District Audit, under the direction of Greg Wilkinson. Sarah Wallace undertook valuable work on data analysis and exhibit preparation, and consultancy assistance was provided by John Evans.

The Audit Commission would like to thank all the LEAs that participated in the research and the Department for Education and Employment (DfEE) for allowing access to data on pupil numbers and school places. The Commission is also grateful to the organisations and individuals that commented on drafts of this report, including members of the advisory group for the national report.

The material in this handbook was prepared before the General Election in May 1997. Legislation to be introduced by the new Government is likely to affect the planning role of LEAs: the measures with the greatest potential impact on issues covered here are proposals to change the status of grant-maintained (GM) schools and proposals to reduce primary school class sizes for five-, six- and seven-year-olds.

The ending of the GM schools programme could improve LEAs’ ability to tackle surplus places (Chapter 4) and to tackle issues surrounding sixth-form provision (Chapter 7). Action on managing relationships with the Funding Agency for Schools (FAS) and individual GM schools (Chapter 1) will be particularly important in the short term as LEAs start to consider GM schools more directly in their planning processes; in the longer term, relationships are likely to be changed more fundamentally.

The reduction of class sizes for five-, six- and seven-year-olds to a maximum of 30 will require careful analysis and planning by LEAs. The need for reliable information on capacity and occupancy (Chapter 3) will increase in importance, and action to reduce surplus places in the primary sector (Chapter 4) will need to take account of the extra space needed as a result of limiting class sizes. Depending on the way that legislation is introduced, changes in the way LEAs manage admissions and appeals may also be needed (Chapter 6).

It may be several months before the exact impact of the proposed legislation is known, but LEAs should not use the change of administration to justify delay or inaction. Almost all the issues covered here continue to have a high priority, and the need for LEAs to take urgent action is likely to increase rather than decline as a result of the new Government’s legislative programme.
Introduction

The Education Act 1944 gave LEAs a series of responsibilities for the provision of public education services, including the duty to ensure the supply of sufficient school places in their area. Despite legislation to increase schools’ responsibility and autonomy, all LEAs still have this duty (at least on a joint basis) for primary places and, in all but four LEAs, for secondary places also.

LEAs are faced with a difficult balancing act: on the one hand, supplying enough school places to meet demand, while on the other not tying up too much money in surplus places. If they do not achieve a good balance, problems may occur in three areas:

- **money will be wasted** – for example, in surplus places or expensive forms of provision;
- **parents will be dissatisfied** – because they cannot secure what they see as suitable provision for their child; and
- **educational quality may suffer** – for example, because of overcrowded schools and small or under-occupied schools that may have difficulty in providing a good education within their budget.

The LEAs’ three main activities in matching supply with demand are:

- **managing the supply of places** (in other words, adding and removing places when necessary);
- **managing demand** through admissions and appeals procedures; and
- **managing outcomes** by tackling problems – such as small schools and schools in difficulty.

But LEAs do not have a free hand in these efforts. They can succeed only if they form effective partnerships with other organisations and stakeholders – for example, central government, FAS, the Further Education Funding Councils (FEFCs), diocesan authorities, school governors and parents. Thus a fourth activity – **managing relationships** – is likely to be vital to success in the first three. This is illustrated in Exhibit 1.

*Trading Places* (Ref. 1), the Audit Commission’s report on the supply and allocation of school places published in December 1996, reviewed both the overall framework in which LEAs must operate and their performance within it. The report made a number of recommendations: to central government for improvements to the current approach, and for local action. The full recommendations are listed in Appendix 1. However, the recommendations for local action can be summarised as:

- develop better relationships with other bodies;
- improve information on pupil forecasts and school capacities;
- remove surplus places in a focused manner;
- develop better proposals for adding new capacity;
- manage the demand for places more effectively;
Managing relationships with other players is central to the supply and allocation of places.

- review the status of and support for small schools;
- review smaller sixth forms; and
- tackle schools in difficulty.

**Purpose of the handbook**

The purpose of this handbook is to help LEAs address the Audit Commission’s recommendations for local action, not to comment further on the recommendations to central government.

The external audit process being initiated during 1997 will help LEAs in England and Wales to implement local improvements. External auditors will be reviewing the supply and allocation of school places in every authority, using a three-phase process. In phase 1, they will analyse data on local performance,
review policy statements and interview officers; in most LEAs this process will be supplemented by a questionnaire issued to a number of primary and secondary schools. As a result of their reviews, auditors will identify the areas with greatest scope for local improvement. They will then work with the LEA to draw up an agenda for action to address these areas. In phase 2 LEAs will implement a programme for improvement, and in phase 3 – one or two years later – auditors will review the progress that has been achieved. This handbook is particularly relevant to LEAs that are in phase 2 of the audit process. It identifies how they might achieve better value for money, setting out many good-practice case studies and providing comparative data.

The handbook addresses the supply and allocation of primary- and secondary-school places, including the provision of post-16 education in secondary schools but not in sixth-form colleges or further education (FE) colleges. Provision of places in nursery classes and those for children in special schools has been covered in previous Audit Commission handbooks – *Under-fives Count* (Ref. 2) and *Getting the Act Together* (Ref. 3).

The handbook is intended as a working document for use by senior managers with responsibilities for the supply or allocation of school places and it may also be of interest to members of education committees. It will help users to review their performance, identify strengths and weaknesses and make improvements. It includes self-diagnostic questions for examining performance and case studies describing practices adopted by individual authorities. Each chapter ends with a checklist for action.

The handbook is a guide, not a prescriptive blueprint. LEAs’ circumstances differ; individual LEAs and managers should use the handbook to identify areas where they can improve performance and develop their own solutions. To enable users to identify the parts of the handbook that are likely to be of greatest value to them, Box A provides a series of diagnostic questions related to different chapters.

There are seven chapters:

- Chapter 1 sets out how LEAs can form effective relationships with other providers and stakeholders;
- Chapters 2 and 3 examine how LEAs can ensure that they have good information on which to base their policies. Chapter 2 looks at the forecasting of pupil numbers and Chapter 3 at measuring capacity and occupancy within schools;
- Chapters 4 and 5 consider issues relating to the supply of school places. Chapter 4 looks at removing surplus places and Chapter 5 at adding new capacity;
- Chapter 6 reviews the management of demand, covering the admissions process and appeals; and
- Chapter 7 examines how LEAs might manage some of the outcomes of matching pupils and places – small schools, small sixth forms and schools in difficulty.

How to use the handbook
### Diagnostic framework

Managers should compare the performance of their authority with the good practice outlined in these diagnostic questions.

<table>
<thead>
<tr>
<th>Diagnostic question</th>
<th>Refer to paragraph</th>
<th>Comments</th>
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<tbody>
<tr>
<td><strong>Managing relationships</strong></td>
<td></td>
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<tr>
<td>Does the LEA exchange planning information on a regular basis, and have open and</td>
<td>1.7 – 1.12</td>
<td></td>
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<td>frank discussions, with its diocesan authorities?</td>
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<tr>
<td>If the LEA has joint planning responsibilities with FAS, do the organisations have</td>
<td>1.13 – 1.17</td>
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<td>regular contact and good relationships?</td>
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<tr>
<td>Are cross-boundary flows of pupils significant? If so, does the LEA share planning</td>
<td>1.18 – 1.19</td>
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<td>information and liaise over admissions arrangements with its neighbouring LEAs?</td>
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<tr>
<td>Do schools and other post-16 providers enjoy co-operative relationships with each</td>
<td>1.20 – 1.23</td>
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<tr>
<td>other?</td>
<td></td>
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<tr>
<td>Does the LEA share planning information with individual schools and seek feedback</td>
<td>1.24 – 1.25</td>
<td>2.35 – 2.37</td>
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<td>on its validity?</td>
<td></td>
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<tr>
<td>Does it carry out surveys to seek schools’ views on pupil forecasting and admissions</td>
<td>1.26</td>
<td></td>
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<tr>
<td>arrangements?</td>
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<tr>
<td><strong>Forecasting pupil numbers</strong></td>
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<tr>
<td>Were last year’s authority-wide forecasts of pupil numbers accurate to within 1 per</td>
<td>2.7 – 2.14</td>
<td>2.19 – 2.30</td>
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<tr>
<td>cent, for both primary and secondary pupils?</td>
<td>2.14</td>
<td>2.34 – 2.39</td>
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<tr>
<td>Has the LEA reviewed different pupil forecasting methods, adopting the method and</td>
<td>2.7 – 2.14</td>
<td></td>
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<tr>
<td>parameters that produce the best results?</td>
<td>2.14</td>
<td></td>
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<tr>
<td>Does it forecast pupil numbers either for sub-areas of the authority, or for</td>
<td>2.15 – 2.18</td>
<td></td>
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<tr>
<td>individual schools?</td>
<td></td>
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<tr>
<td>Does it have a reliable database on the numbers of children of preschool age?</td>
<td>2.19 – 2.25</td>
<td></td>
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<tr>
<td>Is there a systematic process for compiling information on major new housing</td>
<td>2.26 – 2.30</td>
<td></td>
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<td>developments and their likely impact?</td>
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<tr>
<td>Diagnostic question</td>
<td>Refer to paragraph</td>
<td>Comments</td>
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<tr>
<td>If relevant, does the LEA forecast pupil numbers in denominational or Welsh-medium schools?</td>
<td>2.31 – 2.33</td>
<td></td>
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<tr>
<td>Does it seek feedback on the validity of its pupil forecasts from schools and other bodies?</td>
<td>2.34 – 2.38</td>
<td></td>
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<tr>
<td>Does it validate its forecasting accuracy each year and investigate any major discrepancies?</td>
<td>2.39</td>
<td></td>
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<tr>
<td><strong>Measuring capacity and occupancy</strong></td>
<td></td>
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<tr>
<td>Is there an accurate central record of the accommodation and facilities available at all schools?</td>
<td>3.4 – 3.7</td>
<td></td>
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<tr>
<td>Does the LEA validate school capacity measurements on a regular basis, including visiting some school sites?</td>
<td>3.4 – 3.9</td>
<td></td>
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<tr>
<td>Does it analyse the occupancy of individual schools annually, paying particular attention to schools well above their More Open Enrolment (MOE) capacity or with a high level of unfilled places?</td>
<td>3.10 – 3.14</td>
<td></td>
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<tr>
<td>Does it review the supply and demand for places in different areas of the authority?</td>
<td>3.15</td>
<td></td>
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<tr>
<td><strong>Removing surplus places</strong></td>
<td></td>
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<tr>
<td>Has the LEA reviewed the rationalisation possibilities for all schools with at least 25 per cent unfilled places?</td>
<td>4.13 – 4.34</td>
<td></td>
</tr>
<tr>
<td>Has it taken any action over the last three years to remove surplus places?</td>
<td>4.13 – 4.34</td>
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<tr>
<td>Has it set itself a target for reducing the level of unfilled places?</td>
<td>4.14 – 4.15</td>
<td></td>
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<tr>
<td>In drawing up rationalisation proposals, does the LEA:</td>
<td>4.22 – 4.24</td>
<td></td>
</tr>
<tr>
<td>– seek consensus on the existence of a problem?</td>
<td></td>
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<tr>
<td>– agree broad principles before discussing individual schools?</td>
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<tr>
<td>– develop proposals through consultation?</td>
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<tr>
<td>– carry out a full option appraisal?</td>
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<td>– have officer commitment to a preferred option?</td>
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<tr>
<td>Diagnostic question</td>
<td>Refer to paragraph</td>
<td>Comments</td>
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<tr>
<td>Are amalgamations or mergers of schools considered as alternatives to individual closures?</td>
<td>4.25 – 4.27</td>
<td></td>
</tr>
<tr>
<td>Is the status of temporary buildings reviewed at those schools that have a high level of unfilled places?</td>
<td>4.28 – 4.29</td>
<td></td>
</tr>
<tr>
<td>Are there arrangements to help schools find alternative users for any surplus accommodation?</td>
<td>4.31 – 4.32</td>
<td></td>
</tr>
<tr>
<td>Are there financial incentives for schools to release any surplus accommodation?</td>
<td>4.33 – 4.34</td>
<td></td>
</tr>
<tr>
<td><strong>Adding capacity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is the total number of pupils in excess of MOE capacity relatively low in comparison to the total capacity of all schools; in other words: – below 2 per cent for primary schools, and – below 1 per cent for secondary schools?</td>
<td>5.4 – 5.35</td>
<td></td>
</tr>
<tr>
<td>Does the LEA carry out regular reviews of demand on an area basis, in order to seek opportunities for basic need bids?</td>
<td>5.5 – 5.10</td>
<td></td>
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<tr>
<td>Has it reviewed the opportunities for funding school buildings through the Schools Renewal Challenge Fund?</td>
<td>5.11 – 5.14</td>
<td></td>
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<tr>
<td>Has it reviewed the possibilities of Private Finance Initiative (PFI) funding?</td>
<td>5.19 – 5.23</td>
<td></td>
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<tr>
<td>Does it seek funds for new school buildings from developers, through planning obligations?</td>
<td>5.24 – 5.27</td>
<td></td>
</tr>
<tr>
<td>Are schools helped to pursue other forms of capital funding?</td>
<td>5.28 – 5.30</td>
<td></td>
</tr>
<tr>
<td>Does the LEA work closely with dioceses in proposing new capacity?</td>
<td>5.31</td>
<td></td>
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<tr>
<td>Does it have a policy on when mobile classrooms are to be preferred to permanent ones, and on whether to purchase or hire?</td>
<td>5.33 – 5.35</td>
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<tr>
<td>Diagnostic question</td>
<td>Refer to paragraph</td>
<td>Comments</td>
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<tr>
<td>------------------------------------------------------------------------------------</td>
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<tr>
<td>Does it have a reliable system for recording the location and utilisation of temporary classrooms?</td>
<td>5.35</td>
<td></td>
</tr>
<tr>
<td><strong>Managing admissions and appeals</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Has the LEA reviewed its admissions criteria, including considering the possibility of adopting different criteria in different parts of the authority?</td>
<td>6.6 – 6.14</td>
<td></td>
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<tr>
<td>Has it reviewed the way it processes its admissions in order to minimise the likelihood of parents wasting their first choice?</td>
<td>6.15 – 6.19</td>
<td></td>
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<tr>
<td>Is it active in trying to resolve problems of multiple applications?</td>
<td>6.20 – 6.24</td>
<td></td>
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<tr>
<td>Do the LEA’s admissions booklets provide information on non-LEA schools, give comprehensive guidance on the admissions process and indicate those schools that may be over-subscribed?</td>
<td>6.25 – 6.26</td>
<td></td>
</tr>
<tr>
<td>Does the LEA use a variety of other ways of informing parents about admissions arrangements?</td>
<td>6.27 – 6.30</td>
<td></td>
</tr>
<tr>
<td>Has the timing of the admissions process been reviewed to allow generous time for parental decisions, while resolving 95 per cent of appeals by the end of the summer term?</td>
<td>6.31 – 6.36</td>
<td></td>
</tr>
<tr>
<td>Is the number of admissions appeals low enough not to cause concern to officers or members and not to cause significant problems in managing admissions?</td>
<td>6.37 – 6.46</td>
<td></td>
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<tr>
<td>Does the LEA review any areas where appeals concentrate, investigating the possibility of specific action?</td>
<td>6.47</td>
<td></td>
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<tr>
<td>Are helplines and guidance available to parents considering an appeal?</td>
<td>6.48 – 6.49</td>
<td></td>
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<tr>
<td>Is training provided for all members of appeals committees?</td>
<td>6.50 – 6.52</td>
<td></td>
</tr>
<tr>
<td>Does the LEA monitor parental satisfaction and understanding of the admissions process?</td>
<td>6.53 – 6.54</td>
<td></td>
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</tbody>
</table>
## Managing outcomes

<table>
<thead>
<tr>
<th>Diagnostic question</th>
<th>Refer to paragraph</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Has the LEA reviewed the need for all primary schools with fewer than 90 pupils, taking action where appropriate?</td>
<td>7.2 – 7.18</td>
<td></td>
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<tr>
<td>Has it reviewed the need for all secondary schools with fewer than four forms of entry, taking action where appropriate?</td>
<td>7.19 – 7.27</td>
<td></td>
</tr>
<tr>
<td>Has it reviewed the protection for small primary and secondary schools in its Local Management of Schools (LMS) formula, within the last three years?</td>
<td>7.10 – 7.12, 7.26 – 7.27</td>
<td></td>
</tr>
<tr>
<td>Does the LEA actively promote clustering arrangements or federations of small primary schools?</td>
<td>7.16 – 7.18</td>
<td></td>
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<tr>
<td>Has it reviewed the need for all sixth forms with fewer than 160 pupils?</td>
<td>7.28 – 7.37</td>
<td></td>
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<tr>
<td>Has it reviewed the funding level of its age-weighted pupil units (AWPUs) for sixth-form pupils?</td>
<td>7.32</td>
<td></td>
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<tr>
<td>Does it actively encourage joint arrangements and closer co-operation between sixth forms?</td>
<td>7.33 – 7.34</td>
<td></td>
</tr>
<tr>
<td>Does it have an early warning system to identify schools in difficulty?</td>
<td>7.38 – 7.46</td>
<td></td>
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<tr>
<td>Does it have targeted funds and initiatives available to tackle the underlying problems of schools in difficulty?</td>
<td>7.47 – 7.50</td>
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</tbody>
</table>
Effective management of the supply and allocation of places is dependent on the LEA establishing good relationships with other stakeholders – such as diocesan boards, FAS, other LEAs, other post-16 providers and individual schools. Good relationships will involve:

- planned regular contact;
- openly sharing data and forecasts;
- co-operation in developing strategies; and
- seeking feedback on the LEA’s own forecasts and plans.
In recent years there have been fundamental changes to the framework within which LEAs try to balance the demand for and supply of school places: since 1990/91 (for secondary schools) and 1992/93 (for primary schools), LEAs have been required to admit pupils according to new definitions of capacity, in line with the MOE provisions of the 1988 Education Reform Act (now consolidated in the 1996 Education Act) and former DES circulars 11/88 and 6/91; in formulating admissions policies, they must be mindful of the 1989 Greenwich Judgment, which clarified that it is unlawful for an LEA to pursue a policy that prefers children living in its area over those outside its area; the 1988 Education Reform Act introduced the option for schools to apply for GM status – there are now more than 1,150 GM schools, all outside the remit of LEAs;

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Areas of good practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>♦ diocesan boards</td>
<td>- open exchange of forecasting information and co-operation in adding and removing capacity</td>
</tr>
<tr>
<td>♦ FAS</td>
<td>- regular contact, sharing planning information and co-operation in adding and removing capacity</td>
</tr>
<tr>
<td>♦ other LEAs</td>
<td>- sharing planning information and liaising over admissions arrangements</td>
</tr>
<tr>
<td>♦ other post-16 providers</td>
<td>- an active role in encouraging harmonious relationships</td>
</tr>
<tr>
<td>♦ individual schools</td>
<td>- sharing planning information and feedback on its relevance</td>
</tr>
</tbody>
</table>

**Background**

1.1 In recent years there have been fundamental changes to the framework within which LEAs try to balance the demand for and supply of school places:

- since 1990/91 (for secondary schools) and 1992/93 (for primary schools), LEAs have been required to admit pupils according to new definitions of capacity, in line with the MOE provisions of the 1988 Education Reform Act (now consolidated in the 1996 Education Act) and former DES circulars 11/88 and 6/91;

- in formulating admissions policies, they must be mindful of the 1989 Greenwich Judgment, which clarified that it is unlawful for an LEA to pursue a policy that prefers children living in its area over those outside its area;

- the 1988 Education Reform Act introduced the option for schools to apply for GM status – there are now more than 1,150 GM schools, all outside the remit of LEAs;
- the Education Act 1993 created FAS. In England, from April 1994, FAS assumed responsibility for distributing funds to all GM schools and assumed some significant responsibilities for the provision of school places (Box B). In Wales, where the number of GM schools is lower, the Welsh Office remains the funding authority for GM schools, and LEAs still have full responsibility for the provision of places;
- FE colleges and sixth-form colleges (together accounting for some 50 per cent of all full-time students aged 16–19) have been removed from local authority control, and responsibility for the provision of places for 16–19-year-olds has been given to the Further Education Funding Councils (FEFCs) for England and for Wales. However, the planning of sixth-form places in schools remains under the control of the LEA or FAS/the Secretary of State for Wales;
- the 1993 Education Act (now consolidated in the 1996 Education Act) gives the Secretaries of State for Education and for Wales the power to direct LEAs or FAS to make proposals for the alteration or discontinuance of schools, if they believe there to be excessive provision;
- LEAs in England are now required to provide annual returns on their level of surplus places to the DfEE; and
- Local Government Review has created some smaller LEAs in reorganised counties and increased the number of pupils attending schools outside their LEA area.

### Box B

**Current planning responsibilities of LEAs and FAS**

The Education Act 1993 split the responsibility for ensuring sufficient school places between LEAs and FAS according to the proportion of pupils in GM schools within the LEA. There are three stages of responsibility, defined separately for primary and secondary schools, as follows:

- **At Stage 1** – where less than 10 per cent of the pupils in maintained schools in a sector (primary or secondary) are in GM schools – the LEA retains the duty to ensure sufficient provision of places.
- **At Stage 2** – where between 10 per cent and 75 per cent of pupils are in GM schools – the LEA retains the responsibility for ensuring sufficient provision, but in addition FAS ‘has a separate and distinct responsibility to bring forward proposals where there is a shortage of places, unless to do so would not be cost-effective’.
- **At Stage 3** – where 75 per cent or more of pupils are in GM schools – the responsibility for ensuring sufficient provision passes entirely to FAS. Stage 3 LEAs are barred from establishing new county or voluntary schools in their area (except as a direct replacement for an existing LEA-maintained school).

At April 1997, 57 out of the 132 English LEAs were at Stage 2 for secondary schools, and a further four (Brent, Bromley, Hillingdon and Rutland) were at Stage 3. For primary schools, only eight LEAs were at Stage 2 (Bromley, Hillingdon, Lambeth, Essex, Gloucestershire, Lincolnshire, Wiltshire and Swindon), and none was at Stage 3.

In Wales, no funding agency has been established and all 22 LEAs retain full planning responsibilities, even though three LEAs have more than 10 per cent of secondary pupils in GM schools.
There has always been a fundamental difficulty with the planning of school places: reorganisation programmes, particularly those involving school closures (but sometimes even changes to admissions policies), can arouse strong feelings among parents, teachers and politicians and can sometimes lead to bitter campaigns against the LEAs' proposals. However, whereas in the past LEAs were always the key source of action, they are now – for many planning issues – only one of a number of players.

Exhibit 1 (in the Introduction) illustrates that ‘managing relationships’ is central to the effective supply and allocation of school places. However, there is no blueprint for establishing effective relationships, nor is there any single model of what the nature of the relationships should be. Each LEA must determine its own position and form the necessary relationships, based on its particular circumstances.

Establishing these relationships will be easier if the LEA has a clear vision of its role together with a set of strategic objectives.

Such relationships will need to be established with many organisations and stakeholders including:

- diocesan boards of education;
- FAS;
- other LEAs;
- post-16 providers; and
- individual schools.

Topic-specific examples of effective working relationships are provided in subsequent chapters of the handbook. The rest of this chapter covers more general issues.

There are 22 Catholic dioceses in England and Wales and 42 Anglican dioceses within England. The Catholic and Anglican boundaries do not have any direct relationship to each other, nor to the boundaries of local authorities. However, most LEAs relate to a single Catholic diocese and to either one or two Anglican dioceses, though the numbers can be as high as four and five respectively.

All dioceses have a director of education (or equivalent post). Among their other responsibilities, they are responsible for forecasting and for plans to add or remove capacity. In addition, they would normally work with governors of voluntary-aided (VA) schools in managing admissions and appeals.

Catholic dioceses normally forecast future admissions on the basis of baptismal records. They also carry out their own census of school pupils each January, to coincide with the Form 7\(^7\) date, recording the number of Catholic and non-Catholic pupils in their schools. Copies of the forms are passed to the Catholic Education Service, which compiles national statistics, but forecasting is generally left to the initiative of the local dioceses.
1.10 Some Catholic dioceses are sensitive about sharing with the LEA their census or forecasting information on the religion of pupils, while other LEAs enjoy a free and open exchange of information with their dioceses.

1.11 When it comes to adding and removing capacity, relationships between LEAs and diocesan authorities can become more strained. Some Catholic and Anglican dioceses complain that LEAs only consider county schools, when adding new capacity, and do not discuss the opportunities for VA schools. Other dioceses have not been closely involved in discussions of closure options; in one case, the public consultation on proposals to close one of their schools was sprung on the diocese without warning. In contrast, one of the factors contributing to the successful reorganisation programme in Warwickshire was a close partnership between the LEA and diocesan authorities (Box J in Chapter 4).

1.12 In the best-practice LEAs there are close working relationships between the LEA and its dioceses. This involves open and frank discussion of all planning issues, including the exchange of forecasts and planning information, taking place on a regular basis.

1.13 Box B sets out the joint planning responsibilities of LEAs and FAS in Stage 2 and Stage 3 authorities. At Stage 1, FAS has no planning responsibility or powers and does not collect data on capacity or surplus places in GM schools. LEA contact with FAS in Stage 1 authorities is likely to be minimal.

1.14 Even at Stage 2 or 3, FAS' powers in relation to the planning and supply of places are weaker than those of LEAs:
- FAS has no power to set or direct any GM school's admissions policy;
- it cannot direct any capacity reduction in a GM school – it has the power only to close schools (and to date there have been no school closures in the GM sector); and
- on proposals for a ‘change of character’, FAS has a purely advisory role – these can be initiated only by the individual school, with the decision made by the Secretary of State.

1.15 In general, joint planning appears to work satisfactorily where the need to add or remove places can be clearly attributed to one sector. The involvement of FAS in LEA reorganisation programmes has tended to be minimal unless a GM school is directly involved. However, Essex LEA has worked successfully with FAS to persuade three GM secondary schools in the south-east of the county to remove surplus places.

1.16 Problems are more likely to arise where new capacity is to be added in Stage 2 authorities. Cases are starting to appear where, in response to identified basic need, both FAS and the LEA bring forward statutory proposals for a new school – each involving public meetings, leaflets and press advertisements, and expenditure on project briefs and initial design work. As well as involving unnecessary expenditure, such conflicts can delay the building of new schools. On the other hand, later chapters of this handbook provide examples of LEAs and FAS working together successfully to add additional
capacity in the primary sector (Box R in Chapter 5) and to provide a sixth-
form consortium (Box AB in Chapter 7).

1.17 Contact between FAS and LEAs in Stage 2 authorities varies between 
LEAs. At Stage 2, both the LEA and FAS must exchange data in advance and 
must each submit a surplus place return (previously known as a section 21 
return) to the DfEE. This should provide a useful focus for a meeting to 
discuss pupil forecasts and the need for extra places or rationalisation. Results 
from an Audit Commission questionnaire suggest that most Stage 2 LEAs 
make contact with the FAS on a few occasions each year (Exhibit 2).

Other LEAs

1.18 Where there are significant cross-boundary flows, it is important for 
neighbouring LEAs to work closely together. This is likely to be particularly 
true in London, other metropolitan areas and areas affected by local 
government reorganisation.

1.19 Such co-operation should cover the sharing of forecasting information, 
including information on major housing developments (the London Research 
Centre’s work on pupil forecasting, Box C in Chapter 2, provides a good 
example of this). Information should also be exchanged if there are to be 
significant changes in the capacity or character of a school that could affect 
schools in the other LEA. Neighbouring LEAs may also find it useful to liaise 
over admissions arrangements – in particular, co-ordinating dates and sharing 
the names of pupils who have been offered places may be advantageous where 
cross-boundary flows are significant.

Other post-16 providers

1.20 Sixth-form colleges, tertiary colleges and FE colleges are all education 
providers for 16–19-year-olds. All are now outside LEA control. Together 
with GM schools (also outside of LEA control), they are responsible for most 
of 16–19-year-old students in three-quarters of LEAs (Table 1, overleaf).

Exhibit 2

Frequency of contact between 
Stage 2 LEAs and FAS

Most Stage 2 LEAs make contact with 
FAS on a few occasions each year.

Source: Audit Commission questionnaire to 
LEAs, March 1996
1.21 All providers are anxious to maximise their student numbers, because of the money that comes with the students (FE colleges, for example, have been able to maintain previous levels of funding only by increasing student numbers). Not surprisingly, there have been several reported disputes between post-16 providers. This includes schools criticising colleges for offering free gifts or bursaries to students who enrol, and colleges accusing schools of failing to distribute college literature to their Year 11 pupils. There is also an example of a school offering money on completion of a course of study. There are examples of colleges marketing themselves on the better social life that students will enjoy, and of schools warning pupils and their parents of alleged behavioural and disciplinary problems at colleges.

1.22 Further disharmony can be caused by the pressure from schools to reinstate sixth forms, or to persevere with ones that are not viable. In some areas, LEAs had previously adopted a system of tertiary education with no (or few) schools having sixth forms; they have now found that the tertiary colleges have been incorporated as independent institutions. Some 11–16 GM schools are keen to reinstate their sixth forms, and this can in turn lead to pressure from LEA schools that wish to do the same.

1.23 Against such a background it is important for the LEA to adopt a mature role in trying to meet the best interests of all 16–19-year-olds. Leeds LEA, for example, has adopted an ‘honest-broker’ role on post-16 issues: it has encouraged the various providers to meet in a post-16 working group to share information on courses available and student numbers and to produce a joint brochure for the benefit of students.

1.24 LEAs will be able to manage the supply and allocation of places effectively only if they work closely with school governors and headteachers. It is important that information on pupil forecasts and school capacities is shared with individual schools, and that schools are encouraged to give feedback on their validity. This should relate to all LEA-maintained and GM schools.

1.25 LEAs should also ensure that there is early consultation on proposed reorganisations, additions to capacity or changes of character. This should involve all schools that might be affected. Furthermore, there should be good
liaison on school admissions, not just with county and voluntary-controlled (VC) schools, but with VA and GM schools too.

1.26 The external audits that are taking place during 1997 include an optional questionnaire to schools. This will help determine how schools view their relationship with the LEA over forecasting pupil numbers and managing admissions. LEAs should consider using something similar, on an occasional basis, to inform themselves of the effectiveness of their relationship with schools.
## Checklist for action

<table>
<thead>
<tr>
<th>Aspect of performance</th>
<th>Good practice features</th>
<th>Action required</th>
</tr>
</thead>
</table>
| **Management information** | ● LEA works with neighbouring LEAs in forecasting cross-boundary flows  
 ● Shares pupil forecasts with schools, dioceses and other providers, and seeks feedback  
 ● Regularly reviews information on school capacity with all schools | |
| **Planning supply** | ● Discusses proposed reorganisations, additions to capacity or changes in character with schools and dioceses at an early stage  
 ● Stage 2 and 3 authorities hold planned regular meetings with FAS, to exchange information and to discuss any possible need for changes in the supply of places | |
| **Allocation of places** | ● Good liaison with VA and GM schools on the admissions process, and with neighbouring LEAs | |
| **Post-16 provision** | ● All post-16 providers share information on courses provided and enrolment numbers  
 ● Students are freely provided with information on all post-16 options available to them | |
Effective planning is dependent on accurate forecasting. LEAs should ensure that their forecasts are based on:

- accurate information on children of preschool age;
- good intelligence on new housing development;
- a sound methodology for forecasting pupil numbers;
- feedback from other stakeholders on the validity of forecasts; and
- a validation process that leads to continual improvements in the methodology.
2.1 Between 1979 and 1991 the school-age population fell by almost one-fifth. During the 1990s it has started to rise again, and an 11 per cent increase is likely during the current decade (Exhibit 3). Primary numbers have now levelled out, and will be broadly constant over the next few years, but secondary numbers are likely to continue rising steadily for the next six years.

<table>
<thead>
<tr>
<th>LEAs should…</th>
<th>which will have the following benefits…</th>
</tr>
</thead>
<tbody>
<tr>
<td>review the methodology used</td>
<td>more accurate forecasts can be achieved by fine-tuning the methodology</td>
</tr>
<tr>
<td>forecast either at the sub-area level or for individual schools</td>
<td>the ability to anticipate future problem areas with greater precision</td>
</tr>
<tr>
<td>review their database of children of preschool age</td>
<td>better estimation of primary school admissions</td>
</tr>
<tr>
<td>have a systematic method of assessing the impact of future housing development</td>
<td>greater ability to anticipate important changes in the pattern of admissions</td>
</tr>
<tr>
<td>consider whether to make separate forecasts for different types of school</td>
<td>better prediction of the demand for schools of different types</td>
</tr>
<tr>
<td>discuss their forecasts with schools and other bodies, and carry out regular reviews of forecasting accuracy</td>
<td>regular validation of results is the most effective way to achieve continual improvement</td>
</tr>
</tbody>
</table>

**Background**

Significant change in the supply of school places is likely to take several years to achieve. A new school may take a number of years to build – and a lengthy planning and consultation process will be needed before any start can be made. Similarly, school closures will have to be preceded by a time-consuming consultation process. It would be highly inefficient to start such a process, only to find that subsequent changes in pupil numbers rendered the proposals unnecessary or impractical. Furthermore, capital approvals from central government for building new classrooms require that LEAs forecast demand in advance, before the pupils present themselves at schools. Accurate forecasting of pupil numbers is therefore essential to the effective planning of supply. Even so, LEAs cannot afford to devote excessive resources to forecasting in an attempt to achieve an unrealistic level of precision.

This chapter reviews the key areas that need to be addressed in order to achieve an effective and reliable forecasting system:
However, the pattern varies from one LEA to another: some will see a sizeable increase in pupil numbers, while others will experience a significant decline. Within LEAs, too, there can also be divergent trends, with some areas experiencing increases in pupil numbers and others decreases. This makes accurate forecasting all the more important.

Since July 1994 LEAs in England have had to submit annual forecasts of pupil numbers to the DfEE, as part of their surplus place return. (There is no such return in Wales.) These forecasts are authority-wide, rather than for individual schools, and must be submitted each June to cover the next four years for primary-school pupils and the next seven years for secondary-school pupils. All LEAs are likely to have a well-established system for making these forecasts.

Because the submission of forecasts has been introduced only recently, it is not possible to assess their accuracy over the full four- or seven-year periods. However, FAS has reviewed the accuracy of LEA forecasts, made in June 1994 and June 1995, of secondary pupil numbers in January 1996. The analysis – restricted to Stage 2 and Stage 3 LEAs (Exhibit 4, overleaf) – shows an average error of 1.5 per cent for the two-year period, and 1 per cent for the one-year period. It also shows that LEAs are twice as likely to overestimate pupil numbers as to underestimate them.

The most volatile element of secondary-school forecasts is estimating post-16 participation rates, which rose sharply in the early 1990s but have since stagnated, or even fallen, in some LEAs. This trend may have contributed to some authorities’ over-estimation of the numbers of secondary pupils.
Exhibit 4
Accuracy of LEA forecasts of secondary pupils in Stage 2 and 3 LEAs

Most LEAs over-estimate pupil numbers.

Source: FAS analysis of LEA surplus place returns for 1994 to 1996, for Stage 2 and Stage 3 authorities

2.6 The Audit Commission has carried out a similar analysis of the forecasts of primary pupils made by a sample of LEAs in June 1995. This shows that in forecasting a year ahead the error is similar to that of the secondary forecasts, with most LEAs again overestimating.
Forecasting methods

2.7 Forecasting methods are broadly similar whether one estimates the number of pupils across a whole area, a sub-area or at an individual school. The methods fall into two main categories:

- **cohort-survival methods**, where the number of pupils in each year-group is assumed to be the number in the preceding year-group during the previous academic year, multiplied by a constant (in other words, Year 4 pupils in 1997 will be \(x\) times the number of Year 3 pupils in 1996). The constant will be calculated separately for Year 0 to Year 1, Year 1 to Year 2, and so on; or

- **catchment ratios**, where the number of pupils in each year-group is estimated as a proportion of the population of the same age living in the area (or catchment). Again, there can be a different ratio for each year-group.

2.8 Cohort-survival ratios tend to provide the best short-term forecasts, but cannot take account of one-off changes, such as the impact of new housing developments, nor can they be used to estimate the number of pupils entering the first year of nursery or primary schools. Catchment ratios do not suffer from these deficiencies, but require area population forecasts by age.

2.9 Most LEAs find it best to use catchment ratios for estimating admissions to reception classes and cohort-survival methods for forecasting the numbers in other years. Any major housing development is normally taken into account through manual intervention (see below).

2.10 Some LEAs experience little change in the size of cohorts (groups of pupils born in the same school year) as they move through school. Such LEAs sometimes assume that cohort sizes remain constant (that is, a cohort-survival ratio of one), except for the transfer from primary school to secondary school and from Year 11 to sixth form. However, other LEAs experience significant in- or out-migration, and/or experience a significant loss of pupils to independent schools at certain ages. Thus the majority of LEAs take account of varying cohort size (Table 2).

2.11 The London Research Centre (LRC), which carries out pupil forecasting for 17 London boroughs, uses both a cohort-survival method and a catchment method. It combines the results of the two methods with different weightings according to how far ahead the forecasts are (Box C, overleaf).

<table>
<thead>
<tr>
<th>LEAs allowing for changes in cohort size</th>
<th>Proportion of LEAs allowing for changes in cohort size</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Primary</td>
</tr>
<tr>
<td>Counties</td>
<td>65%</td>
</tr>
<tr>
<td>Met districts</td>
<td>39%</td>
</tr>
<tr>
<td>London boroughs</td>
<td>71%</td>
</tr>
</tbody>
</table>

*Table 2: LEAs allowing for changes in cohort size

Source: Audit Commission questionnaire to LEAs, March 1996
Both cohort-survival and catchment methods require ratios to be determined. Some authorities base these ratios on the actual value in the most recent year for which data are available; others use an average based on a number of years’ data. Authorities most commonly use three or more years – particularly for primary forecasts (Exhibit 5).

Some LEAs have found that the most accurate forecasts are obtained by using several years’ data, but giving greatest weight to the most recent years. For example, an LEA that uses three years’ data may give weightings of 3 to last year, 2 to the previous year and 1 to the year before that.

However, mechanistic processes of averaging cannot replace the use of common sense when a sudden change in pupil numbers takes place. If the LEA thinks that the change is due to a real change in behaviour, rather than random variation in the data, then it should take a considered view of what is most likely to be the future pattern of pupil numbers.

Trends in pupil numbers are unlikely to be uniform in all parts of the LEA. Therefore most LEAs will find it necessary to forecast at the sub-area or school level if they are to make effective decisions about adding and removing capacity, managing admissions or taking advance action in support of schools in difficulty.
Exhibit 5
Number of years’ data used in primary- and secondary-school forecasts

Secondary-school forecasts are more likely to be based on a single year’s data.

Source: Audit Commission questionnaire to LEAs, March 1996

2.16 The above methods can be applied equally as well to a sub-area or an individual school as to the whole LEA. Each sub-area or school will have a different set of cohort-survival or catchment ratios. But particular problems can occur in calculating the admissions to individual secondary schools.

2.17 Normal cohort-survival methods work satisfactorily where there is a close correspondence between secondary schools and their feeder primaries (Year 7 admissions will be the total of the previous Year 6 pupils in the feeder primaries, multiplied by a constant). However, with open enrolment it is often difficult to relate the cohorts of pupils in primary schools to those that will be admitted to an individual secondary school. Some LEAs overcome this by using a multiple-allocation method: a complex set of ratios represents the proportion of leavers from each primary school that will go on to each secondary school. The ratios can be calculated on the basis of the patterns in previous years, provided the LEA has access to the necessary data.

2.18 Leeds LEA (Box D, overleaf) uses a form of multiple allocation, but it also takes account of the knock-on effects of some schools becoming oversubscribed.

Compilation of population data

2.19 Some LEAs forecast future primary-school admissions on the basis of nationally available data; others use more detailed data available locally from health authorities or GPs.

2.20 The Office of National Statistics (ONS) provides annual ward-based population estimates by age. These are based on census data and on registrations of births and deaths. Many LEAs find these inadequate because of
their lack of detail. In particular, ages are based on calendar years, not school years, and ward-based data may be too imprecise for forecasting at the level of individual primary schools. Some LEAs also find that the estimates do not adequately reflect population movements in and out of the area. Two large metropolitan LEAs claim that ONS estimates significantly overstate their pupil numbers.

2.21 At the local level, three main sources of data on the numbers of children of preschool age may be available from health authorities or trusts:

- **new birth data**, which can be obtained from health authorities, gives the date of birth and the mother’s address at the time of the birth;
- **GP registrations** give the current address of the child and can also provide birth dates; and
- some community healthcare trusts can provide data on under-fives direct from child care registers used by health visitors and community services.

2.22 New birth data have the advantage of being the most comprehensive source of information. Some people will not be registered with a GP, although this is less likely with children under five. Also, some people will be registered with a GP outside the LEA, or the immediately surrounding area, and will thus be omitted. On the other hand, new birth data do not take account of any
change of address since the child’s birth, a time when families are quite likely to move. (GP registrations and childcare registers will not necessarily be up to date in this respect, but are more likely to be so.)

2.23 Where there is a fairly close link between people’s place of residence and the GP practice at which they are registered, LEAs are likely to find GP registrations or childcare registers the most useful. The majority of authorities, however, use new birth data (Exhibit 6), either because of their greater relevance or because of better availability.

2.24 Many LEAs have run into confidentiality issues when seeking any of the above data from health authorities or health trusts. If the health authority is unwilling to provide individual addresses, the problem can sometimes be overcome by requesting data in the form of numbers of children by school year, and by ward or postcode area (though postcode data may not always be complete). Child benefit data has been made available to the agency administering the nursery voucher scheme, but it is not available to LEAs.

2.25 Regardless of the sources used, LEAs will have to apply a factor to the population data to convert it to the estimated number of primary school admissions. This factor should be based on the experience of previous years. In an ideal world there would be an exact match between the population data and primary admissions, giving a factor of one. In practice, the factor must allow for any deficiency in the data sources, any inflows of pupils from outside the area and any leakage of pupils to independent schools or schools in other areas. Good authorities will not passively accept a factor that is very different from a value of one, but will research the reasons for the difference so that they can either improve their data sources or understand any trends in the gains or losses to other areas.

Exhibit 6

Sources of data for forecasting primary school rolls, by LEA

New birth data is the most common source of data.

<table>
<thead>
<tr>
<th>Source of data</th>
<th>Percentage of LEAs using</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health authority new births</td>
<td>70%</td>
</tr>
<tr>
<td>ONS/census (includes LRC)</td>
<td>60%</td>
</tr>
<tr>
<td>Existing/previous rolls</td>
<td>50%</td>
</tr>
<tr>
<td>GP registrations</td>
<td>40%</td>
</tr>
<tr>
<td>Other</td>
<td>30%</td>
</tr>
<tr>
<td></td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: Audit Commission questionnaire to LEAs, March 1996 (numbers do not add to 100 per cent, because some LEAs use more than one data source).
Impact of housing development

2.26 LEAs also need to take account of the impact of new housing development, which for a county will involve liaison with the planning departments of district councils. When putting in capital bids to DfEE, LEAs in England can only take into account new housing ‘where a reasonable proportion of the houses is already occupied’; however, in forecasting future rolls (including for their surplus place returns), it is realistic to take account of local development plans. (In Wales, there is no capital bidding system for increasing pupil numbers, and no requirement to submit to the Welsh Office any forecasts of future rolls. But it is still important for LEAs in Wales to forecast pupil numbers, including assessing the impact of any new development.)

2.27 Staffordshire LEA has introduced a system for assessing the impact of new development. The Development and Buildings Unit of the Education Department conducts an annual survey detailing the numbers of dwellings under construction and proposed developments (with or without planning permission) within each school’s catchment area. The total number of pupils expected to be generated by each development is shown alongside the existing MOE capacity and number on roll (NOR) of the school.

2.28 If there are significant cross-boundary flows, the LEAs will need to be aware of new development in neighbouring authorities as well as within their own boundaries. They should also be aware that, while new housing attracts families with children, this is often at the expense of a decline in pupil numbers in other parts of the authority. In some authorities it may be important to forecast the effects of any demolition of housing stock.

2.29 There is wide variation in assumptions made by LEAs on the number of pupils generated by new housing, or pupil yield (Table 3). Some LEAs, not shown in the Table, use different pupil yield factors depending on the average number of bedrooms per house.

<table>
<thead>
<tr>
<th>LEA</th>
<th>Primary</th>
<th>Secondary</th>
</tr>
</thead>
<tbody>
<tr>
<td>County A</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>County B</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>County C</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>County D</td>
<td>2.75</td>
<td>2.5</td>
</tr>
<tr>
<td>Met district E</td>
<td>4</td>
<td>1.5</td>
</tr>
<tr>
<td>Met district F</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>London borough G</td>
<td>6.5/3.25*</td>
<td>4.5/2.5*</td>
</tr>
</tbody>
</table>

* the higher values relate to housing association developments, the lower values to private development.

Source: Audit Commission fieldwork
2.30 In some LEAs there may be a major employer whose future plans can significantly affect pupil numbers. (This can be particularly true of the Armed Forces, where a reduction in personnel, or a even a change in the pattern of tours of duty, can have a sizeable effect on pupil numbers at schools in the vicinity.) Where appropriate, therefore, LEA officers should talk to any major employers in their area, so that they are aware of possible future changes.

2.31 In some cases, LEAs will find it necessary to make separate forecasts of pupils wishing to attend single-sex schools, or wishing to attend Catholic and other denominational schools. If there is future expansion in the VA schools sector, forecasting the number of pupils wishing to attend denominational schools could also be a significant planning issue. Effective forecasting of denominational pupils is only likely to be achieved by working closely with those authorities.

2.32 An additional planning challenge in Wales is the need to forecast the number of pupils wishing to attend Welsh-medium schools. Currently, one in three primary schools and one in five secondary schools deliver the curriculum entirely or partly through the medium of the Welsh language. It is in anglicised areas of Wales that there has been a significant growth in demand for Welsh-medium schooling. In the case of the former county of Mid Glamorgan, pupil numbers at such schools have grown by over 70 per cent over the last 15 years, in a period when the overall school population has declined (Exhibit 7).

Exhibit 7
Growth in Welsh-medium education in Mid Glamorgan

The number of pupils attending Welsh-medium secondary schools has increased, while total pupil numbers have declined.

Index of secondary school pupil numbers (1981 = 100)

<table>
<thead>
<tr>
<th>Year</th>
<th>Welsh-medium secondary schools</th>
<th>All secondary schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>60%</td>
<td>100%</td>
</tr>
<tr>
<td>1983</td>
<td>80%</td>
<td>100%</td>
</tr>
<tr>
<td>1985</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>1987</td>
<td>120%</td>
<td>120%</td>
</tr>
<tr>
<td>1989</td>
<td>140%</td>
<td>140%</td>
</tr>
<tr>
<td>1991</td>
<td>160%</td>
<td>160%</td>
</tr>
<tr>
<td>1993</td>
<td>180%</td>
<td>180%</td>
</tr>
</tbody>
</table>

Source: Audit Commission fieldwork
2.33 Following the Welsh Language Act 1993, the Welsh Language Board will require LEAs to prepare a ‘Welsh Education Scheme’. Nine LEAs have already been given a deadline for submitting this. The key forecasting requirements to be covered by the scheme are:

- to consider not only the present demand for teaching in Welsh, but also the future demand; and
- to undertake research that will demonstrate clearly whether the proposed level of provision is suitable.

2.34 The methodology used for pupil forecasting is of less importance than the need to validate the results and ensure that any deficiencies are addressed.

2.35 LEAs should always share their pupil forecasts with the schools concerned. As well as providing useful planning information for schools, LEAs may also benefit from any feedback. Headteachers may well have useful comments to make, or may have local intelligence that might improve the forecasts: for example, on reasons for a sudden change in admission rates, on local housing development, on numbers in local playgroups or on particular school initiatives.

2.36 Staffordshire LEA, for example, sends detailed projections to all its schools. These include an explanation of how the projections are derived and a contact number in case ‘there are any points which you feel we should be made aware of in order for us to improve your forecasts’.

2.37 Berkshire LEA, as part of its Schools Improvement Initiative, provides individual school profiles. These profiles contain pupil forecasts for the particular school and for neighbouring schools, but also contain comparative information on the social mix of pupils, staffing ratios and turnover, expenditure and pupil attainment.

2.38 Similarly, LEAs should share their forecasts with dioceses and with any neighbouring LEAs with whom they have significant cross-boundary movements. Feedback should also be sought from these bodies/organisations.

2.39 In addition, LEAs should validate their own results. Each year, actual admissions and the numbers on roll should be compared to the forecast values. Major discrepancies should be investigated to see if the forecasting process can be improved. In fact, 85 per cent of LEAs claim to carry out retrospective analysis to establish the accuracy of their forecasts – although analysis by FAS (Exhibit 4, p24) would indicate that many LEAs continue to make similar errors year after year.
### Checklist for action

<table>
<thead>
<tr>
<th>Aspect of performance</th>
<th>Good practice features</th>
<th>Action required</th>
</tr>
</thead>
</table>
| **Forecasting process** | ✷ a good database on the number of children of preschool age  
                      | ✷ reliable estimates of primary-school admissions (at school or sub-area level)  
                      | ✷ reliable estimates of transfers to secondary schools (at school or sub-area level)  
                      | ✷ separate forecasts by denomination or language, where appropriate  
                      | ✷ good intelligence on new housing development and major employment changes, together with their likely impact on pupil numbers  
                      | ✷ accurate forecasts of total primary and secondary numbers on roll                                           |                 |
| **Sharing and validation** | ✷ forecasts are shared with individual schools, dioceses and other LEAs where appropriate  
                           | ✷ feedback on the likely accuracy of the forecasts is encouraged from schools, dioceses and other LEAs  
                           | ✷ LEA validates its own forecasts and addresses any deficiencies                                              |                 |
3 Measuring Capacity and Occupancy

LEAs cannot manage the supply of places effectively without reliable information on school capacities and occupancies. LEAs should:

- ensure consistency between schools in how capacity is measured;
- undertake regular validation of data, including some physical checks;
- review school occupancy on an area basis and for individual schools; and
- focus their attention on schools with high levels of unfilled places and schools with pupil numbers significantly above their physical capacity.
The starting point for the successful management of the supply of school places should be the analysis of pupil numbers against school capacities. However, information on school capacity is often out of date. This can lead to unnecessary expenditure on the expansion of other schools or poor management of excess space. Also, the appraisal of pupil numbers against capacity is not always presented in a meaningful way.

This chapter reviews the key issues of assembling reliable capacity data and analysing school occupancy in an effective manner:

<table>
<thead>
<tr>
<th>LEAs should…</th>
<th>which will have the following benefits…</th>
</tr>
</thead>
<tbody>
<tr>
<td>• have a system that ensures a consistent approach to measuring school capacity and regular validation of the data</td>
<td>– better understanding of the needs and priorities of individual schools and effective planning of reductions and additions to school capacity</td>
</tr>
<tr>
<td>• carry out regular analysis of the occupancy of individual schools</td>
<td>– effective targeting of schools with overcrowding problems and those with surplus places</td>
</tr>
</tbody>
</table>

**Background**

3.1 In calculating surplus places, LEAs are required to use the MOE (More Open Enrolment) formulae for physical capacity as set out in Annex A to Circular 11/88 for secondary schools and in Annex D to Circular 6/91 for primary schools (Annexes A and B to Circular 13/95 in Wales). For secondary schools all teaching areas are included (account being taken of their likely utilisation rates), but for primary schools only main class bases are counted.

3.2 Standard Number (SN) is an alternative measure of a school’s capacity used for determining a minimum admissions threshold. Except for fully selective schools and some VA schools, all applicants must be offered a place if the number of applications is below this threshold. In the case of secondary schools, there is no relationship between SN and MOE, but for primary schools, MOE is one of the factors considered when determining the SN. Box E (overleaf) summarises the purpose of SN and MOE capacity in slightly more detail; a fuller explanation is given in Appendix 2.

3.3 It is the SN that is used for limiting the number of school admissions (see Chapter 6) and for establishing a basic need for adding new capacity (see Chapter 5). Thus a change in MOE capacity by itself is not usually contentious and, unlike a change in SN, it does not require DfEE approval. LEAs should keep MOE capacities under review, and adjust them to reflect changing circumstances.
English LEAs are required to submit to the DfEE an annual statement of up-to-date MOE capacities of all LEA-maintained schools, together with their numbers on roll (as part of the surplus place return). However, most LEAs rely on individual schools to tell them of changes in MOE capacity. Although schools are responsible for reporting such changes, there is often a poor understanding of capacity measurement at school level. It is not unusual for schools to overlook as unimportant many of the changes that affect capacity – for example, the change of use of a particular area, or the addition of a mobile classroom, particularly if it has been paid for out of the school’s own funds.

If LEAs are to make efficient use of the buildings available to them, they must ensure that MOE capacities are measured accurately and kept up to date. Many good-practice LEAs have also established procedures to validate school capacities or audit them on a rolling basis.

Sheffield LEA, for example, has a comprehensive file for each of its primary and secondary schools. The file lists all teaching areas and certain non-teaching areas, recording the type of facility, its area and the number of workplaces (where relevant). A computer analysis automatically converts this to the MOE capacity for the school. The records are validated against the schedules for the

### Box E
### Definitions of capacity

<table>
<thead>
<tr>
<th>Standard Number/Approved Admissions Number</th>
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<tr>
<td>The purpose of the Standard Number (SN)/Approved Admissions Number (AAN) is to act as a minimum threshold for pupil numbers in each principal admission year. (County, voluntary and special agreement schools have SNs; GM schools have AANs.) Each school is required to admit pupils on demand up to the SN for that year. If applications exceed the SN for the admission year, the admissions authority must decide whether any of the excess pupils should be admitted (using the published admissions criteria) or whether their admission would prejudice the efficient and effective provision of education. The SN is not an admissions ceiling; an authority is free to set and publicise an admissions number, termed the Admissions Limit, higher than the SN. Moreover, parents whose children have been refused admission to a school have the right to appeal – and if their appeal is successful the school is bound to admit them, even if doing so takes the number on roll above the SN. Since the SN concept is intended to maximise the scope to meet parental choice, SNs are selected by taking the highest number from a menu of possible figures:</td>
</tr>
<tr>
<td>for secondary schools, SN is the higher of the admission year’s number of pupils in 1979/80, the number in 1989/90 or any higher Admission Number set out in statutory proposals;</td>
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<tr>
<td>for primary schools, SN is the higher of the admission year’s physical capacity (MOE divided by the number of year-groups), the average number of pupils per year-group in 1990/91, the admissions limit in 1990/91, or any higher admission number set out in the most recent statutory proposal for the school.</td>
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<table>
<thead>
<tr>
<th>More Open Enrolment (MOE) physical capacity</th>
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<tr>
<td>The purpose of the MOE measure is to provide a measure of physical capacity for the whole school. It is calculated according to formulae prescribed by the DfEE. The MOE figure is compared with the number on roll to produce an annual statement of surplus places at each school. Because the two definitions of capacity have different purposes and are calculated in different ways, there is no necessary relationship between the two. Thus a school can be overcrowded in terms of having a number on roll greater than its MOE physical capacity, but can still be required to admit pupils in an admission year because it has a high SN.</td>
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school cleaning contracts, but physical checks are often carried out when a member of the education department has cause to visit any school.

3.7 Measuring school accommodation is not just about trying to maximise the number of pupils in each school, however. In responding to the local demand for places, schools have often had to forego important facilities such as assembly halls or libraries. Birmingham LEA has a programme for validating its school capacities in relation to MOE, but it has set minimum thresholds of other facilities that should be available (depending on school size). Although not all schools can be brought up to the minimum threshold immediately, the LEA is working towards this on a longer-term basis.

3.8 As part of its fieldwork the Audit Commission reviewed facilities and the measurement of capacity in six one-form entry primary schools in each of three LEAs. Box F presents a pro forma used to summarise the information for individual schools. Within this small sample of schools, it was noticeable that:

- a wide variation in facilities was available in different schools with the same notional MOE capacity;
- measurement of capacity was inconsistent between schools, both within LEAs and between LEAs;
- plans showing the school layout and room sizes were not available for all schools; and
- serious overcrowding could occur in individual classrooms, even when a school was operating well below its MOE capacity.

3.9 Although LEAs can update MOE capacity to take account of changing circumstances, the same is not true of SN. Neither the DfEE nor the Welsh Office will allow reductions in SN unless there has been a commensurate reduction in the physical capacity of the school since the SN was set. Thus, even if the MOE capacity is remeasured and found to have been in error, this will not trigger a reduction in SN.

3.10 The Local Authority Performance Indicators and other measures of unfilled places or overcrowding present data at an authority-wide level (see Chapters 4 and 5). However, it is also important for LEAs to analyse the picture in relation to individual schools.

3.11 A useful way of presenting data, which is being used by auditors in the first phase of their value-for-money reviews in 1997, is by means of an $S$-curve. The curve looks at the distribution of unfilled places between schools, with a separate curve being plotted for primary and for secondary schools. The $S$-curve shows the ratio of the number of pupils on roll (NOR) to MOE capacity for individual schools, with the school with the lowest percentage occupancy at the top (Exhibit 8, p39). The curve should include both LEA-maintained and GM schools. Instructions on how to plot an $S$-curve are given in Box G (p39).
Box F
Pro forma for reviewing primary school capacity

<table>
<thead>
<tr>
<th>School</th>
<th>Number on roll</th>
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<tbody>
<tr>
<td>Headteacher</td>
<td>LEA’s MOE estimate</td>
</tr>
<tr>
<td>Contact number</td>
<td>Date of LEA’s estimate</td>
</tr>
<tr>
<td></td>
<td>Standard Number</td>
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You should read the detailed Annex to Circular 6/91 before completing this form.

Class bases (potential and actual)
Check the need for circulation space. Check the number of classes taught in each room.

<table>
<thead>
<tr>
<th>Room ref</th>
<th>Area m²</th>
<th>Used as</th>
<th>Included in LEA’s MOE?</th>
<th>Comments</th>
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Exhibit 8
Example of an S-curve

An S-curve illustrates the extent to which individual schools have unfilled places or are overcrowded.

Key
- Schools with significant levels of unfilled places or with significant overcrowding
- Schools with a reasonable match between pupils and places

Source: Audit Commission

3.12 The area to the right of the vertical axis of an S-curve indicates unfilled places – the larger the area, the more unfilled places there are. The area to the left indicates the excess pupils in schools that are above their MOE capacity. But it is the shape of the curve that is more revealing than the absolute size of these two areas.

3.13 The S-curve helps to focus attention on the schools at the extremes of the distribution, although the optimum range of occupancy is a matter of some debate. Trading Places (Ref. 1) drew attention to the fact that only about half the schools in England have an occupancy rate of between 85 per cent and 105 per cent. It may be better, in the first instance, for LEAs to concentrate their attention on the more extreme occupancy levels; for example, those with an occupancy of less than 75 per cent of their capacity, and those with an occupancy above 110 per cent, as illustrated in Exhibit 8. If the MOE calculation is accurate, schools at these extremes are likely to have a large amount of under-utilised space (which it may be possible to remove or find an alternative use for) or to be suffering from serious overcrowding.
3.14 Box H shows how two metropolitan districts with a similar level of unfilled places in their primary schools have very different issues that need to be addressed.

3.15 LEAs should also use the information in the S-curve to review supply and demand on an area basis. Within any local area:

- if there is a preponderance of schools with high levels of unfilled places, the LEA will need to consider removing surplus places (Chapter 4);
- if there is a preponderance of schools with significant overcrowding, the LEA will need to consider adding capacity (Chapter 5); or
- if there are schools with high levels of unfilled places alongside schools with significant overcrowding, the schools with unfilled places may well have a problem with their perceived quality. The LEA may need to take action on schools in difficulty (Chapter 7).

**Box H**

**Use of S-curves to assess performance**

Metropolitan authorities A and B both have an overall level of unfilled places of approximately 16 per cent of total MOE capacity. However:

- Authority A has one-quarter of its schools with 25 per cent or more unfilled places but very few schools above capacity. It needs to address the removal of surplus places.
- Authority B has over one-quarter of its schools with 25 per cent or more unfilled places but one-sixth of its schools are above 110 per cent occupancy. Parents are choosing these schools in preference to ones with unfilled places. The authority needs to address issues concerning the perceived quality of the low-occupancy schools.
## Checklist for action

<table>
<thead>
<tr>
<th>Aspect of performance</th>
<th>Good practice features</th>
<th>Action required</th>
</tr>
</thead>
</table>
| Measuring capacity         | ✦ consistency between schools in what is and is not included in MOE capacity  
                               ✦ central records of the facilities available at each school  
                               ✦ regular validation of school capacities, including some physical checks                                                                                   |                 |
| Analysis of school occupancy | ✦ occupancy reviewed at an aggregate level, for sub-areas and for individual schools  
                               ✦ attention is focused on schools with a high level of unfilled places or a high number of pupils in comparison to its capacity                                    |                 |
4 Removing Surplus Places

Holding excessive numbers of unfilled places is wasteful of resources that might be better used to improve the quality of education. Those LEAs with high numbers of surplus places should:

- set themselves a target for reducing the number of unfilled places;
- adopt a rationalisation approach that is consistent with their circumstances;
- follow best practice in carrying out this approach;
- review the status of temporary buildings at low-occupancy schools; and
- provide financial incentives and advice to encourage schools to find alternative uses for surplus accommodation.
Maintaining a higher than necessary level of school places ties up resources that could be better used to improve the quality of education. Moreover, to delay dealing with surplus places may have educational as well as financial consequences, if it leads to small schools and small sixth forms. As well as costing more per pupil, such establishments may be less able than larger ones to provide the full range of teaching expertise and resources necessary for an effective education service.

But removing surplus places is never easy, particularly if it involves school closures. Few local authority decisions arouse such strong public feelings as a proposal to close a local school.

This chapter reviews the key areas that need to be addressed in order to reduce the level of surplus places. It is of greatest relevance to those LEAs that have at least one school with a significant number of surplus places – this could be taken to be any school where the number on roll (NOR) is less than 75 per cent of the MOE capacity (ignoring small schools where the difference between NOR and MOE is less than 30 pupils):

**LEAs should…** | **which will have the following benefits…**
--- | ---
◆ set themselves a target for reducing the number of unfilled places and a strategy for doing so | – clearer direction and focus to all activities
◆ ensure that they follow best practice in carrying out rationalisation programmes | – there is a greater chance of success if certain key principles are followed
◆ review the existence of any temporary buildings at schools with high levels of unfilled places | – money can be saved by removing temporary buildings that are no longer needed
◆ provide financial incentives and advice to encourage schools to find alternative uses for surplus accommodation | – costs can be reduced by releasing surplus accommodation

**Background**

4.1 In 1996, there were 480,000 unfilled primary places (10.3 per cent of the total) and 413,000 unfilled secondary places (11.7 per cent of the total), in England and Wales. Unfilled places are not a uniquely urban or rural problem: they are found in all types of authority. Wide variations are found between LEAs of similar type (Exhibit 9, overleaf).

4.2 The levels of unfilled places are lower than in the 1980s and early 1990s, when the Audit Commission explored the problem in a series of reports (Refs. 4–7). In the secondary sector the problem has halved, while the level of primary unfilled places has fallen by 40 per cent. In part, these reductions reflect rising pupil numbers, but they also represent significant efforts by LEAs to remove surplus places. Despite this progress, the levels of unfilled places remain significant, and in many areas will not be substantially reduced solely as a result of projected increases in the school-age population.
Wide variations are found between authorities of similar type.

Source: Audit Commission analysis of surplus place returns for England and questionnaires to LEAs in Wales in November 1996

4.3 However, not all unfilled places are surplus, and not all surplus places can be removed (Exhibit 10). In areas where the school-age population is due to rise, it may be more cost-effective to retain some unfilled places until the
Not all unfilled places are surplus… and not all surplus places can be removed.

4.4 Even where unfilled places are genuinely surplus to requirements, it may not be cost-effective or practical to remove them. The nature of school buildings may make it impossible to take out surplus classrooms; or the lack of alternative schools within a reasonable travelling distance may make school closure unrealistic, because of the consequences for home-to-school transport.

4.5 There is no consensus on what the level of unfilled places should be, nor on the minimum feasible size for a school or sixth form. Moreover, there is a potential tension between the policy objectives of, on the one hand, maximising economy and efficiency and, on the other, maximising choice.

Incentives and sanctions

4.6 In order to help LEAs remove surplus places, the DfEE has made capital funds available for rationalisation programmes. The main basis of the capital approval for a rationalisation scheme is that the annual savings should achieve an 8 per cent return on the capital costs incurred. The DfEE does not prescribe a particular method for estimating savings, nor is there any prescribed relationship between the number of places removed and the amount of capital approval that can be granted. Estimates are reviewed by DfEE officials on a case-by-case basis.
4.7 Many LEAs have found that rationalisation funding can be far more
generous than the basic need formula (see Chapter 5), and is often the only way
to achieve improved facilities (for example, by funding improved facilities at
the schools that will take pupils from one that is being closed).

4.8 Another incentive for removing surplus places is to facilitate capital bids
for basic need. Any bid for capital approval to cater for additional demand at
one school will be reduced according to the unfilled capacity at any other
school in close proximity (three miles for secondary schools or two miles for
primary schools).

4.9 Over the last five years in England, there has been a steady reduction in the
level of capital approvals available to improve or renew school buildings (other
than those available through rationalisation programmes or through the need
to add new capacity). For 1997/98 the only such funding is through the
Schools Renewal Challenge Fund. Furthermore, in 1997/98 not all
rationalisation bids that satisfied the rate-of-return criterion have been
accepted. Only rationalisation schemes in LEAs with more than 10 per cent
unfilled places, or schemes related to published statutory proposals, have been
supported.

4.10 As well as these financial ‘carrots’ to encourage LEAs to remove surplus
places, the Secretaries of State also have a statutory ‘stick’ to provide further
motivation. Under the Education Act 1993 (now consolidated in the
Education Act 1996), the Secretaries of State have powers to direct LEAs (or
FAS) to bring forward statutory proposals for the removal of surplus places in
LEA areas where the supply is considered excessive.

4.11 In England in early 1995, the DfEE wrote to 16 LEAs whose surplus
capacity (in the primary sector, the secondary sector, or both) seemed likely to
remain excessive after likely increases in pupil numbers and any plans already
developed to remove surplus had been taken into account. A further 15 LEAs
have since been added to that list, including 6 whose overall level of projected
surplus was not excessive, but where there were pockets of high surplus. Of all
the LEAs written to, 15 have now taken or set in train action to remove places,
and progress will be monitored through annual returns. Discussion continues,
informed by the annual return, in the remainder of cases.

4.12 In Wales, the capital funding of local authorities is different, and there is
no special funding for rationalisation schemes. Furthermore, no Welsh LEA
has been formally questioned about its level of unfilled places, even though
some LEAs have very high levels.

4.13 The Audit Commission national questionnaire revealed that, in the three
years from April 1993, 59 per cent of LEAs had taken at least one committee
decision to consult on the rationalisation of places. Surprisingly, though, these
authorities were just as likely to have had a low level of unfilled places as a high
one. It is a matter of note that half of the authorities in the upper quartile for
the level of unfilled secondary places had taken no action to remove any places
over the past three years (Exhibit 11).
Exhibit 11
Unfilled places and LEA action

Of the authorities in the upper quartile for the level of unfilled secondary places, almost half had taken no action to remove places over the past three years.

Source: Audit Commission questionnaire to LEAs, March 1996

4.14 Some of the LEAs that have been the most successful in removing surplus places have done so by setting themselves a target, with an appropriate timescale. Birmingham LEA, for example, began strategic reviews of primary and secondary places in November 1991, setting itself a three-year target for reducing unfilled places by 50 per cent.

4.15 Chapter 3 suggests that LEAs would do best to concentrate their efforts in areas where there are schools with occupancies of 75 per cent or less. These offer the greatest scope for closure or the removal of a complete accommodation block. Appendix 3 provides a possible methodology, used by some auditors, for determining a target for surplus place removal. A more detailed methodology, including an estimate of the cost-savings that might
accrue, is provided in Appendix 4. Both approaches take as their starting point the number of unfilled places in those schools that have an occupancy of 75 per cent or less.

4.16 There are two principal ways in which LEAs can remove surplus places:

- **rationalisation programmes**, which normally involve closing or merging some schools; or
- **vacating part of a school**, which may involve physically removing some blocks of accommodation (for example, temporary classrooms) or finding alternative users for some of the buildings.

4.17 Good practice in each of these areas is considered in turn.

4.18 Different LEAs have adopted different approaches to rationalisation. At one extreme there is a ‘big bang’ approach, with plans affecting the whole LEA, or a major part of it, put through as a single package. This is often linked to a change in the age of transfer between primary and secondary schools. At the other extreme are approaches that deal with individual problem areas in a more **ad hoc** way. Different approaches may suit different circumstances; Box I summarises the strengths and weaknesses of various options.

**Box I**

**Approaches to removing surplus places**

- **Big Bang**: a one-off rationalisation, normally across a whole LEA area. This may be the only real option if the rationalisation is linked to a change in the year of transfer between schools. It is likely to involve a lot of officer and member time in preparing cases and attending public meetings. If the whole programme is not carried through, it may be difficult to resurrect parts of it. It is more likely to succeed if it has corporate commitment and is not seen just as an education department issue. The advantages are that it gives an opportunity for trade-offs with key players (a diocesan board, for example), and it gets all the pain over in one go.

- **Five-Year Plan**: a rationalisation across the whole LEA, but tackled on an area-by-area basis according to a clear, predetermined programme. This has the advantage of spreading the burden on officers and members and allowing the LEA to carry forward experience from one review to the next. The disadvantages are that educational priorities may have changed, or the political commitment might have evaporated before the end of the programme is reached.

- **Rolling Programme**: a continuous rationalisation programme on an area-by-area basis. Unlike the ‘five-year plan’ it allows the programme to be varied according to current priorities. It has the advantage of flexibility, but this can lead to avoidance of politically sensitive areas or the loss of impetus.

- **Focused Action**: the overall situation is kept under review, but action is initiated only when a local situation becomes a major problem. It has the advantage of addressing problems where they are worst, but it may miss some easy improvements.

- **Opportunism**: tackling individual problem areas when the local resistance to closure may be weakest (eg, after the retirement of a headteacher, a poor inspection report, or a fire or other major damage). It has the advantage of maximising the impact for the minimum amount of pain. The disadvantage is that some of the major problem areas may never be addressed.
4.19 The most appropriate approach to rationalisation in an individual LEA will depend on whether surplus places are an area-wide problem, whether there are LEA-wide issues to consider (such as changing the age of transfer), and on the strength of the political commitment to tackle the issue. Different combinations of these factors can lead to different reorganisation strategies (Exhibit 12).

4.20 Three of these approaches are illustrated by the contrasting case studies presented in Boxes J, K and L:

- The programme adopted by Warwickshire LEA (Box J, overleaf) involved abandoning the three-tier system that operated in most parts of the county. A rationalisation scheme in the north-west of the county in 1993 was followed up with a ‘big bang’ approach covering the remainder of the county the following year. One of the underlying principles was that the reorganisation should create the most appropriate infrastructure, rather than necessarily retaining the most popular schools. (Other LEAs have used rationalisation programmes to close schools that are providing a poor quality of education – as was the case for one of the high school closures in Leeds, see below.)

- Leeds LEA (Box K, p51) carried out a strategic review which determined the main principles for rationalisation and identified the areas of the LEA most in need of review; this was followed up by a ‘rolling programme’ of detailed reviews in different parts of the LEA.

- Essex LEA (Box L, p51) had a surplus place problem in secondary schools in the town of Rayleigh. Having isolated the problem to an area served by three secondary schools, the LEA achieved the amalgamation of two of them, removing over 700 surplus places.

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**Exhibit 12**

**When to use which reorganisation strategy**

Different combinations of factors can lead to different reorganisation strategies.
At the beginning of the 1990s, there was a three-tier system of first, middle and high schools in most of this LEA, with transfer to secondary school taking place at age 12. Surplus places were high – 19 per cent overall (16 per cent primary and 24 per cent secondary) – and had prevented access to capital resources for a number of years. Warwickshire was a capped authority, so funds for much-needed school improvement could not easily be found from revenue resources. The financial arguments for school rationalisation were strengthened by the educational case for a two-tier system, with transfer at age 11 to tie in with the key stages of the National Curriculum.

**Timescale**

County-wide consultation on the principles and objectives for reorganisation took place in spring 1992, and a public opinion survey showed that most parents favoured change. Planning for reorganisation began in one area the following year, and the process was extended to the rest of the county at the end of 1993. All proposals had been implemented by September 1996.

**Outcome**

Surplus places are projected to fall to 9 per cent by 1999 (13 per cent for primary and 4 per cent for secondary), resulting in an annual saving of £1.7 million in revenue costs, offset in part by the debt charges related to the capital programme. Ninety-eight per cent of statutory proposals were agreed by the Secretary of State – but five schools earmarked for closure were able to obtain GM status, thereby reducing the number of places removed and the savings to the county. The LEA and relevant voluntary-aided authorities obtained approval from the DfEE to spend a total of £30 million of surplus place removal capital as a result of the reorganisation, enabling significant investment in schools throughout the county.

**Good practice points**

- the authority-wide focus of the reorganisation programme was appropriate, given that surplus place problems existed throughout the county and the age of transfer was to be changed;
- an extensive three-stage consultation process was operated, signing up all concerned to the objectives and principles of the reorganisation before it began, consulting on formative proposals and again on the formal proposals drawn up in the light of responses;
- specific proposals were put forward and advocated by officers, enabling members to attend public meetings in an observer role and so not have to express their opinion publicly until formal proposals had been agreed;
- a code of practice for teacher appointments and redeployments was drawn up and agreed with unions and school governors before the reorganisation began;
- the LEA and the diocesan authorities acted in partnership throughout the process, with all reports to LEA committees being joint reports;
- the LEA established and maintained a good relationship with officers of the DfEE Territorial Team;
- LEA officers produced high-quality written information for members, parents and schools at each of the key decision-making and consultation stages in the reorganisation programme.
In 1974 Leeds inherited a mix of three-tier systems and reorganised this into a two-tier system in 1992, taking out a total of 12,500 places. The result was a uniform two-tier system throughout the LEA, with a transfer age of 11. However, it was recognised at that time that some further rationalisation of places was necessary, and in 1993 the report of an independent Schools’ Commission identified those areas of the city where a further review of under- or over-provision was necessary. The Provision of Places Working Group, a cross-party group of seven members, has worked through the Schools’ Commission recommendations, area by area. In each area reviewed, the members of the working group receive information on pupil numbers (current and forecast) and places, and they discuss the options with all relevant schools and stakeholders in the area. The group then makes a recommendation to the Education Committee, and the public consultation process is set in motion.

Action on primary schools has included one closure, two amalgamations and both temporary and permanent increases in admissions limits in response to demographic growth. In the secondary sector, closures have been linked to failing or unpopular schools. This has led to the closure of East Leeds (a school with ‘serious weaknesses’) and Cross Green (‘failing’), with a new school, Copperfield College, opened at one of the sites. More recently the working group has overseen the closure of another high school; this was primarily due to its unpopularity, poor results and inability to turn itself around in advance of an Ofsted inspection, rather than to a significant surplus-place problem in the area. Increases in capacity have been agreed in three areas, covering nine high schools, to reflect demographic growth.

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Box L
School merger in Rayleigh

Essex is a large and diverse county with pockets of over- and under-provision in different parts of the LEA. Regular monitoring and forecasting by the LEA had revealed a potential 18 per cent surplus of secondary places in the town of Rayleigh.

At the time of the review there were five secondary schools in the Rochford area, but the problem was concentrated in the area served by the three of these schools in the town of Rayleigh – two were county schools and one was a GM school. Essex is a Stage 2 authority (for the primary and secondary sectors) and thus has joint planning responsibilities with FAS. However, because there was not a surplus-place problem at the GM school, the LEA recognised the problem as being one for the two LEA schools, The Sweyne School and The Park School.

In April 1995 the LEA consulted the governors and parents of all the secondary schools in the area. Specific options for surplus-place removal were not discussed, but general issues and concerns were aired. Inevitably, parents were strongly in favour of their own schools; relations between the governors of the Sweyne and Park schools also started to decline. However, once the governors had received assurances over particular issues (eg, staffing) they agreed to write a joint letter to parents acknowledging that something needed to be done.

Following the initial consultation, the LEA worked up specific proposals for formal consultation. An amalgamation of the two schools was proposed in order to preserve the best of both of them. A second set of consultations with staff, governors and parents of both schools was held in June 1995, producing a greater degree of acceptance than before. The amalgamation notice was issued in October 1995, no statutory objections were received, and the new school will open in September 1997 on the site of Sweyne school.

As a result, 718 surplus places were removed, and revenue savings of £333,000 were achieved. The DfEE granted capital approval of £3.75 million, which is being used to provide a new sports hall, upgraded science and technology facilities and other improvements at the new school. Neither school attempted to avoid the amalgamation by seeking GM status.
Regardless of the approach adopted, no school closure is easy to achieve. Even the most unpopular schools, or those with the worst academic record, will generate extensive community support when threatened with closure. The process of closure can be long and acrimonious, and, unless officers and members are resolute in seeing it through, can often end in abandonment. The various formal steps in the decision-making process are set out in Box M.

The case studies in Boxes J, K and L help illustrate four particular good practice features relating to the consultation process, which improve the chances of success:

**Box M**

**Formal steps in a school closure programme for an LEA-maintained school**

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Report by the chief education officer to the education committee on the issues involved setting out all options for the future, all evaluated.</td>
</tr>
<tr>
<td>2.</td>
<td>Report back to the LEA on responses to the options, including an evaluation of any other options that have emerged during consultation.</td>
</tr>
<tr>
<td>3.</td>
<td>The LEA makes a decision on which proposal (if any) will be published, or consults further on any new options.</td>
</tr>
<tr>
<td>4.</td>
<td>If called in, the Secretary of State must consider all statutory objections, and normally considers non-statutory objections.</td>
</tr>
<tr>
<td>5.</td>
<td>The LEA comments on the objections to the Secretary of State.</td>
</tr>
<tr>
<td>6.</td>
<td>If there are no statutory objections and the proposal is not called in, the LEA determines the proposals.</td>
</tr>
<tr>
<td>7.</td>
<td>Statutory Public Notices are published in the area concerned, expiring two months after publication. If the school concerned is a voluntary school, or if there are any statutory objections (which could include ten or more local electors writing to the LEA), the proposal goes to the Secretary of State for decision. He may also choose to call in any proposal that does not automatically come to him, provided that he does so within two months of receiving the proposals.</td>
</tr>
<tr>
<td>8.</td>
<td>The Secretary of State decides the issue.</td>
</tr>
</tbody>
</table>

Report back to the LEA on responses to the options, including an evaluation of any other options that have emerged during consultation.
the LEA should try to obtain a consensus on the existence of a problem, before proposing solutions (ideally, the consensus should include all affected schools, diocesan boards, all political parties represented on the council and, if applicable, FAS, colleges and the FEFC);

LEA members should agree the broad principles for identifying schools for closure, and agree a code of practice for dealing with staff redeployment, before discussing individual schools;

proposals should be developed and progressed through effective communication and consultation with schools, staff and unions, parents and other planning bodies; and

proposals naming individual schools that are put to public consultation meetings should at least have officer commitment; members may prefer to adopt a more neutral stance until they vote on whether to issue statutory notices for closure, but if officers do not advocate the proposals they will have little chance of success.

4.23 A further point to consider is that the proposals put to consultation should be accompanied by a thorough option appraisal (in particular, a full appraisal of the likely financial savings, costs and educational benefits resulting from the reorganisation, taking capital receipts and home-to-school transport into account). LEAs have a particularly difficult task in presenting such appraisals in a form that parents will understand, for public understanding of school finances is likely to be very limited.

4.24 Box N (overleaf) sets out a possible approach for setting out the costs and benefits of alternative rationalisation proposals. On balance, it is more meaningful to present school-level costs in terms of delegated budgets rather than schools’ actual expenditure.

4.25 In many circumstances, an amalgamation of two schools (involving the closure of both and the creation of a new one) may be better than the closure of one and the expansion of the other. As in the case of the merger of East Leeds and Cross Green schools into Copperfield College (Box K, p51), amalgamation can have the following benefits:

it avoids labelling one school as less successful than another;

it enables the best to be taken from both schools, including physical assets, experienced staff and governors, and their ways of working;

it gives all staff a fair chance of obtaining jobs in the new school;

it allows the cash balances of both schools to be transferred to the new school; and

it is a better signal to parents and the local community that there is to be a new start.
There may be two different purposes in undertaking a financial appraisal of alternative rationalisation proposals: one to show the effect on the public purse (for example, to show the DfEE whether the scheme is cost-effective); the other to show what the impact will be on the LEA’s own budgets. Both purposes are valid. It is not possible to set out here how all the possible factors can best be taken into account for both purposes. The notes below set out the main principles that should guide individual appraisals.

**Savings to the Aggregated Schools Budget (ASB)**

The delegated budgets of affected schools should be divided into three components:

- **pupil-related**: this will include AWPU-driven funding and any funding based on the number of pupils with special education needs (SEN), or numbers of pupils of particular social or ethnic groups. If any estate costs (eg, water costs) are allocated on the basis of pupil numbers, they should also be treated as pupil-related. It should be assumed that this funding will transfer with the pupils to another school and will therefore not be affected by any change in the capacity of a school.

- **property-related**: this will include variable buildings-related factors (eg, rates, rent, tenant repairs, energy, cleaning and caretaking) that are funded either on the basis of actual costs or according to floor area. This funding should be assumed to be related directly to the capacity of the school, and would therefore be saved in a school closure, or reduced pro rata in the event of a partial reduction in capacity. (Fixed premises-related costs – such as grounds maintenance, split-site payments and swimming pool allowances – are unlikely to vary with a reduction in capacity, and so are not included.) Where receiving schools are to have their capacity increased, it will be necessary to calculate the increase in the property-related element of their budgets.

- **other delegated**: this will include fixed or variable lump sums (eg, base allocations, small schools protection or curricular support, even though these may be related to the number of pupils), safety-net payments, social-need payments that are based on the proportion of pupils (eg, from certain ethnic groups), grounds maintenance and swimming pool allowances. It should be assumed that all these would be saved in the event of a school closure, but would be unaffected by a partial reduction in capacity. Where these items are affected by pupil numbers, they will have to be recalculated for the receiving schools (eg, a small schools protection lump sum might be saved both at a school being closed and at one to which the pupils will transfer).

The delegated budgets for property-related and other delegated items should be calculated for all affected schools, for the current situation and for the alternative options. (The pupil-related items can be assumed to be unaffected by any reorganisation.) The amount by which the totals for each option differ from the figure for the current situation, will represent their cost or benefit in terms of the ASB.

**Effect on other revenue costs**

Some repair and maintenance costs may be outside the ASB – these should be calculated separately for each option. (Some LEAs postulate additional savings by taking account of a backlog of maintenance at those schools due to be closed. However, this is justifiable only if there is a realistic possibility that funds would be forthcoming, in the foreseeable future, were the schools to remain open. If there is planned maintenance expenditure that will be affected by the proposals, such as a reroofing, it may be acceptable to treat this as a one-off capital saving.)

Rationalisations often lead to an increase in home-to-school transport costs – either because more pupils are eligible for free transport or because the LEA offers interim transport arrangements for those immediately affected by the proposals. The extra annual costs of each option should be calculated and offset against any savings in other revenue costs.

Because pupil-related costs are assumed to follow pupils to their new schools, only a small proportion of the estimated budget savings are likely to be related to teacher salaries. However, where lump-sum payments to schools are saved, this may represent the salary of a headteacher or deputy head. Also, savings in property-related costs may imply redundancies among cleaning or caretaking staff. LEAs must consider what the impact on their own costs of such staff reductions will be. Any likely redundancy costs should be set against the savings in the ASB.

Some rationalisation proposals will affect the cross-boundary movement of pupils – possibly leading to more LEA pupils being educated in a neighbouring authority, or fewer neighbouring-authority pupils being educated in the LEA’s schools. Since the local authority’s standard spending assessment (SSA) is based on the number of pupils in its schools, rather than on the number living in the authority, a change in cross-boundary flows could adversely affect the authority’s Revenue Support Grant (RSG). This loss of RSG could be greater than the saving in the ASB that results.
4.26 LEAs that have significant numbers of separate infants and junior schools could also look to the possibility of mergers – providing the existing schools are not too large, and the proposals make good sense educationally. As well as possibly freeing up a site for disposal, such mergers can also reduce the need of some very small schools for financial support and achieve a reduction in lump-sum payments.

4.27 Kirklees LEA, during the period January 1993 to September 1996, reduced the number of junior and infant schools by eight through a series of mergers. The LEA provides the schools concerned with a modest incentive, by phasing in over a three-year period the budget reductions for the merged school. However, these mergers will achieve long-term savings of £248,000 per year, in addition to capital receipts of £400,000. The programme has included the removal of eight temporary classrooms, together with the opportunity of capital investment in the newly established schools.

4.28 LEAs or schools can reduce surplus capacity in several other ways without closing schools. These may involve removing surplus accommodation or seeking alternative uses. Any school with a significant surplus of places should be looking to remove any temporary accommodation. This may take the form of temporary huts or HORSA buildings for which the only option is demolition, or mobile classrooms that can be relocated elsewhere. Temporary buildings are likely to be less efficient to heat and maintain, as well as less satisfactory from a teaching and security perspective. It will probably be rewarding to compare the LEA’s list of low-occupancy schools with a list of the locations of temporary classrooms. This will often reveal several schools where some temporary accommodation can be removed. Schools with excessive surplus places that operate on a split site could also look to rationalise on a single site.

4.29 It has often been argued that ‘mothballing’ part of a school is a valuable option, particularly if demand for places might increase in future years. However, little money will be saved unless part of a school can be isolated from the heating system. Even then, the buildings will deteriorate rapidly if they do not receive a minimal level of heating and maintenance. On the whole, few mothballing schemes appear to have been cost-effective.
4.31 Finding alternative uses for parts of schools is likely to have greater potential, though it is of paramount importance that the safety and security of the pupils is not compromised by any such uses. Nursery classes or playgroups are possible options for primary-school space, but other external users should also be considered. However, individual schools are not often very well placed to identify alternative users, and generally there is little incentive for them to do so.

4.32 Some LEAs have established arrangements to help schools find other users for surplus space. Birmingham LEA, for example, has an internal property letting agency, and Essex LEA has a corporate property review team to assist schools in finding possible tenants.

4.33 Such arrangements will have little impact unless there is some incentive for schools to identify and offer up their surplus space. The local management of schools (LMS) formulae in most LEAs allow for heating and cleaning costs on the basis of floor area, so giving up surplus space will reduce the size of the delegated budget that the school receives. And schools will usually find a use for surplus classrooms – as quiet rooms, resource centres, and so on.

4.34 Lancashire LEA has attempted to combat schools’ reluctance to offer up their surplus space. It has put a limit on the amount of space that it will fund through the LMS formula at the full rate, based on the number of pupils on the roll. Any physical space in excess of 3.5m² for primary pupils or 7m² for secondary pupils is funded at only 70 per cent of the normal rate. It is intended to reduce this 70 per cent figure progressively.
## Checklist for action

<table>
<thead>
<tr>
<th>Aspect of performance</th>
<th>Good practice features</th>
<th>Action required</th>
</tr>
</thead>
</table>
| Setting a target          | - LEA sets a target (together with a date) for reducing unfilled places  
- it adopts an approach to rationalisation consistent with its circumstances                                                                         |                 |
| Carrying out rationalisation | - it achieves consensus on the problem before proposing solutions  
- it agrees principles and codes of practice before discussing individual schools  
- wide and effective communication with all parties  
- proposals put to public consultation have officer commitment  
- thorough appraisal of all options  
- mergers considered as an alternative to closures                                                                                             |                 |
| Vacating parts of schools | - status of temporary buildings considered at all low-occupancy schools  
- arrangements are made to assist schools to find alternative users for surplus accommodation  
- there are financial incentives for schools to release any surplus accommodation                                                                      |                 |
There are severe restrictions on the capital resources available to provide additional school capacity. Therefore it is important for LEAs to:

- review future demand regularly so that the entitlement to credit approvals is maximised;
- explore all possible sources of capital, including the Schools Renewal Challenge Fund, Private Finance Initiative and planning obligations from developers;
- assist schools in putting together bids for other sources of funding;
- liaise with other stakeholders in proposing schemes; and
- develop policies that will achieve maximum benefit from temporary classrooms.
The availability of capital for building new schools or expanding existing ones is severely limited, whether it comes from central government or LEAs’ own resources. It is therefore very important that LEAs maximise their opportunities to access all available sources of funding, and also that they get maximum benefit from their expenditure.

Traditionally, funding for new schools, or the improvement or extension of existing schools, came in the form of credit approvals from central government. In England these were determined by the DfEE according to the circumstances faced by the LEA; in Wales there is a basic credit approval.
covering all local authority functions. Credit approvals are taken fully into account in determining local authorities’ Standard Spending Assessments (SSAs) for revenue support, so this capital financing is in effect largely paid for by central government. LEAs often supplemented these credit approvals with other resources (e.g., capital receipts, credit approvals from other services or funding out of revenue), so that in 1993/94, capital expenditure by LEAs in England was some £313 million more than was covered by DfEE credit approvals.

5.3 However, the availability of other local authority resources has become extremely tight. Furthermore, credit approvals are increasingly restricted and becoming more and more dependent on competitive challenge processes. Therefore to maximise investment in their schools, LEAs must take advantage of all possible sources of finance.

Sources of capital

5.4 This section considers the issues that LEAs should address in order to maximise their opportunities for acquiring capital funds from the following sources:

- central government (grants and credit approvals);
- the private finance initiative (PFI);
- planning agreements; and
- other sources.

Central government

5.5 In England annual capital guidelines (ACG) and supplementary credit approvals (SCA) for LEA-maintained school buildings are based on requirements as assessed by the DfEE. The DfEE sets each LEA’s education ACG in the light of the capital spending plans submitted by the authority in the annual bidding round. Priorities for ACG cover at present are:

- basic need (BN): new school places in areas of population growth where there is no more capacity in all county, voluntary and GM schools in the surrounding area;
- exceptional basic need (EBN): an emergency need to replace (not repair) teaching accommodation, where it can be shown that all or part of a school will have to be taken out of use on safety grounds and, either that it is impossible to repair the premises, or that immediate repairs required would be more expensive than complete replacement; and
- surplus place removal: cover to support cost-effective removal of surplus places. Projects are cost-effective – and therefore allocations are made – if the rate of return exceeds 8 per cent (but see paragraph 4.9).

5.6 LEAs also bid on behalf of governing bodies for capital resources for the VA and SA schools within their boundaries. Bids in respect of VA/SA schools are submitted under the same categories as listed above but do not attract borrowing approvals. Rather, approved capital expenditure is 85 per cent grant-aided by the DfEE, the remaining 15 per cent being met by the school governors (usually the diocese or foundation). Capital expenditure on furniture and equipment in VA/SA schools is the responsibility of the LEA. The LEA must meet any capital expenditure on VA/SA school playing fields (which it
owns) and, in certain circumstances, on other parts of the school grounds; for example, roads and boundary walls. If the DfEE awards a capital grant to the governors of a VA/SA school which necessitates expenditure in these areas, the LEA normally receives credit approval under the category of VA liability.

5.7 Planned work arising out of BN and EBN attracts cover if it meets specified criteria. That for BN is a projected shortfall of places within an area (two miles for pupils under 11, three miles for pupils over 11). Only schools within the authority’s administrative boundaries are included, though demand may include pupils from other LEA areas. The number of BN places is calculated by subtracting the total assessed capacities of all the schools in the growth area from the projected demand. Certain capacity can be disregarded – for example, places specifically reserved for pupils of a particular denomination, or single-sex schools where the bid is for places of the opposite sex. ‘Capacity’, for this purpose, is either the number of pupils on roll or the SN multiplied by the number of year-groups in the school, whichever is the higher. It follows from this that building to provide more space for pupils already in schools does not count as BN. It is therefore very important that LEAs and schools identify excess demand in advance, if they are to maximise their entitlement to BN.

5.8 The LEA’s ACG is increased by a set factor for each extra place needed. For 1997/98 these are approximately £4,100 for every primary-school place provided and £5,300 for every secondary-school place. A regional factor is also applied. Cost multipliers reflect the real cost of projects in the most cost-effective third of LEAs, and remain the same however the LEA plans to add the places. Allocations do not therefore correspond to the actual costs of individual projects, and LEAs commonly find that they have to supplement the BN element in their ACG for the more expensive projects, such as complete new schools. Cover is phased over three years, in the ratio 35:50:15.

5.9 For EBN the authority must show, on the basis of a professional report, that the building will be taken out of use within 12 months unless major repairs are made; that necessary repairs would be more expensive than like-for-like replacement; and that the building cannot be regarded as surplus. Cover is provided either through cost-multipliers (as for BN), with a special cost-multiplier for replacing temporary accommodation, or at the estimated cost, if that is lower.

5.10 Credit approvals in the ACG are not attributed to specific projects, but the assumption is that the LEA will add the places in the way specified in its submission.

5.11 What remains after cover has been distributed through these priority criteria (plus work related to special education and the LEA’s statutory liability at VA schools) is available to be distributed to LEAs for other capital work. Although this is generally known as ‘improvement and replacement’ work, it covers expenditure on anything that is not a priority in the terms set out above. For 1997/98, all resources for this type of work will be channelled through the Schools Renewal Challenge Fund (SRCF).
5.12 The SRCF was introduced in 1996/97 and will continue for a second year in 1997/98. Its purpose is ‘to support specific innovative projects to renew, repair, or improve school capital stock which secure good value for money and enhance effectiveness of provisions in partnership with the local community and the private sector’. SCAs amounting to £20 million were issued through the SRCF in 1996/97, with forward commitments (added to authorities’ provisional indicators for 1997/98 and 1998/99) of £25 million. For 1997/98 £20 million has been set aside for SCAs; this may be increased if credit approvals in the earmarked reserve are not needed for their original purpose, and projects covering more than one year may also receive provisional forward cover.

5.13 The breakdown of ACG approvals, including SCA and existing commitments, has changed dramatically over the last seven years (Exhibit 13). In the early 1990s formula funding represented up to half of total credit approvals, but now they are strongly dominated by BN. The identification of BN is therefore becoming increasingly important in the funding of improvements to school infrastructure. Assuming that this will continue, it is vitally important for LEAs to have a good forecasting methodology, with reliable information on new housing development and regular reviews of supply and demand on an area basis.

5.14 Also, because of the increasing importance of challenge fund bidding, LEAs must ensure that they maximise their opportunities of success in this area, too. The Audit Commission has recently issued a management handbook on managing capital projects, *Rome Wasn’t Built in a Day* (Ref. 8), which includes advice on effective bidding.

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**Exhibit 13**

ACG elements, England 1990/91 to 1997/98

Basic need is taking up an increasing share of total credit approvals.

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Source: Audit Commission analysis of DfEE data
For the three years 1997–2000, a proportion of the credit approvals available to support local authorities’ capital programmes has been distributed through the cross-service Capital Challenge pilot. It is estimated that capital projects related to education will be supported by credit approvals to the value of about £104 million through the pilot. There are currently no plans for further Capital Challenge rounds.

In Wales the concepts of BN and EBN do not apply, and there is no direct allocation in respect of surplus place removal. Each Welsh authority receives basic credit approvals that are based on annual capital guidelines for each service area at an all-Wales level, but councils are free to determine their own service levels according to their own priorities. However, an additional source of funding, the Popular Schools Initiative (PSI), was introduced in Wales in 1995.

PSI was launched to address the concern of the then Secretary of State that oversubscription of popular schools was denying parents choice and diversity. PSI is providing £26 million (via Supplementary Credit Approvals for LEA schools and capital grants for GM and VA schools) for additional facilities at some oversubscribed schools.

PSI funds were allocated following a two-phase bidding process, the first phase preceding local government reorganisation and the second following it. Bids were made by individual schools, although LEAs could prioritise the bids from schools within their area. Bids were assessed by the Secretary of State against the following criteria:

- pupil numbers are at, or over, agreed capacity;
- the school is consistently and significantly oversubscribed, particularly from outside its normal catchment area; and
- there is continuing pressure on admissions to the school.

Private Finance Initiative

Recently, the Private Finance Initiative (PFI) has provided an alternative possibility for funding local authority capital schemes, including schools. Under PFI there is no need to meet the BN or EBN criteria, but the money has to be raised in the private sector and repaid out of revenue, usually in the form of a facilities service charge.

There are several factors relating to the application of PFI in the schools sector:

- the annual PFI charge will include a capital element to be met from LEA funds (ultimately from central government, via ‘PFI credits’), and an operating element to be met from delegated LMS budgets by agreement of the governors;
- by agreeing to earmark a proportion of LMS budgets to cover the operating element of PFI charges, governors will limit their leeway in managing the school’s budget – but against this must be set the advantages of far greater certainty about expenditure under these budget heads;
- it will be for PFI contractors to make the most of opportunities to generate additional income from commercial and/or community use of
school buildings. Such opportunities may be limited for some school buildings and localities; and

- the costs of facilities management (cleaning, caretaking, buildings maintenance, grounds maintenance, energy costs) are relatively low in relation to the capital costs, and have often already been subjected to competitive tender.

5.21 In considering potential PFI schemes, LEAs have generally sought one or more of the following features:

- additional development opportunities for the site that might generate extra income (eg, commercial development);
- facilities that could generate income through dual use (eg, sports halls); or
- opportunities to reduce running costs significantly (eg, energy-saving investment).

5.22 At the moment, several LEAs are considering PFI funding for new or expanded schools, or for major redevelopment. To date, though, none of the projects has advanced beyond the planning stage. The most advanced scheme is currently Colfox School in Dorset, a DfEE ‘pathfinder’ scheme (Box O).

5.23 The Audit Commission will shortly be publishing a report on capital expenditure within local government which will provide further material on PFI. It is due for publication in summer 1997.

Planning agreements

5.24 Where an increase in demand for school places is a result of housing development, the LEA is able to seek an appropriate contribution from the developer. In the past, any such contribution generally took the form of providing a site for a new school. However, since the introduction of the Town and County Planning Act 1990, LEAs are increasingly becoming aware that it is legitimate to seek a contribution towards the building costs, too.

5.25 Section 106 of the Town and County Planning Act 1990 (as substituted by section 12 of the Planning and Compensation Act 1991) introduced the concept of planning obligations. Planning obligations can provide for payments to be made by a developer to meet the costs imposed as a result of the development. It was set out in DoE Circular 16/91 (recently reissued as Circular 1/97) and WO Circular 53/91 that these obligations could cover the full costs of essential community facilities, including education. Such planning

Box O
Proposed PFI scheme for Colfox School

The scheme involves the building of a new 1,060-pupil secondary school to replace the existing school, which is in desperate need of refurbishment. The new school will be built on another part of the existing 40-acre site, with the remainder of the site being landscaped to reinstate the playing fields after demolition of the existing school. The school will be funded as a design, build, finance and operate (DBFO) scheme and operated through a facilities management scheme, with an anticipated full-life cost of £90 million over a 30-year period. This is equivalent to a net present value of £20 million at a 9 per cent discount rate.
obligations are a matter for agreement between the developer and the local planning authority – if no agreement can be reached, the planning authority may refuse the planning application. In the event of any refusal, the applicant may appeal to the Secretary of State, or could possibly appeal to the courts on a point of law.

5.26 Any contributions towards the costs of school infrastructure that are sought from developers should be necessary, relevant and reasonable. Thus contributions should not be sought if there are already sufficient surplus places in the vicinity to accommodate the additional pupils. Nor should contributions be sought to redress existing deficiencies in the school buildings, or to provide for a greater number of pupils than are likely to be generated by the particular development.

5.27 Outside unitary authorities, it is necessary for LEAs to work closely with their district councils. If a major development is proposed in an area with a shortage of primary- or secondary-school places, the LEA should alert the planning authority at an early stage. Local plans can then show any school sites that are needed and can set out a clear policy basis that will guide the approach to be taken on particular sites. Experience shows that developers are more willing to accept planning obligations if they are aware of the requirement from an early stage – so that it is the land value that is adjusted downwards, rather than the developer’s profit on construction. Somerset County Council (Box P), one of the leaders in achieving contributions from developers, has done so with a structured approach that cascades down through the structure plan and local plans to individual planning applications.

Box P
Use of planning obligations to fund school construction by Somerset LEA

Somerset, via its district councils, is having to cater for substantial additional housing. It has a deposit structure plan, which has yet to be finally adopted, with a requirement for 44,300 more dwellings. This will create major pressures on school places in both the primary and secondary sectors.

Over recent years the Environment and Property Services Department of the County Council, in liaison with the Education Department, has developed a structured approach for dealing with the generated demand for school places. The county works with its five district councils to implement an approach that cascades down through the structure plan, local plans and particular individual planning applications to achieve a consistent policy. In this way it aims to minimise the risk of challenges on individual sites.

The County is now achieving not just land for school sites, but also part or all of the capital cost of school buildings – whether for a new school or an extension to an existing one. Depending on circumstances, a group of approximately 50 dwellings is considered the minimum for which contributions towards additional classrooms and core facilities might be requested (at outline planning stage). So far, the County has over a dozen agreements signed (at least one exceeding £500,000 in value) and another two dozen or so under negotiation.

Before 1991 and the introduction of the Town and Country Planning Act, the County had also obtained benefits such as a 10-class primary school and a fire station via planning and legal agreements.
Other sources

5.28 There is an increasing number of other possible sources of funding for school facilities, most of them subject to some form of competitive bidding, and most are dependent on the facility having a wider community use. Most funds will normally provide only a percentage of the cost of the scheme.

5.29 In addition to numerous local or one-off funding sources, some of the more important sources are:

- the European Community (through the European Social Fund and the European Regional Development Fund);
- the Lottery Boards (ie, the National Lottery Charities Board, the National Heritage Board, the Lottery Sports Fund, the Arts Council Fund, and the Millennium Commission);
- capital grants from the DfEE for schools acquiring specialist status in technology, sports or the arts; and
- the Energy Saving Trust, funded by the DoE (providing rebates of up to 50 per cent of the capital outlay on energy-saving schemes in schools).

5.30 Devon LEA has recognised that it is difficult for schools to be aware of all the possible funding sources and to put together successful bids. Therefore the Education Department has established a ‘Special Projects Office’. It provides a monthly newsletter, telephone advice and sometimes more detailed involvement to help schools obtain external funding (Box Q).

Liaison with other providers

5.31 In determining the need for a new school, or the expansion of an existing one, LEAs should consult with other providers, such as diocesan boards of education. If it is a Stage 2 authority, it is legally obliged to consult with FAS. There have been two examples of an LEA and FAS failing to agree on the best way forward and thus putting forward competing proposals for new schools. In most cases, though, arrangements have been agreed between the two parties (Box R), thus avoiding unnecessary duplication of effort.

Box Q
The Special Projects Office in Devon

A Special Projects Office has been established within the Community and Continuing Education Unit of the Education Department. It issues a monthly newsletter to inform all schools of potential opportunities and also provides telephone advice and initial project guidance to those considering bids. It is the Council’s policy that the office should be self-financing as far as possible, so detailed work and site visits are restricted to those projects considered most likely to be successful and where staff costs can be recovered from the external funding source.

The office currently has a database of over 300 potential project enquiries, including 70 sports projects and 20 arts projects. The scope of projects range from new schools to minor environmental garden projects. The bids submitted include four Millennium projects, six for the voluntary sector lottery fund and 47 European-funded projects.

The office is also preparing a training programme to support project co-ordinators and education officers. It will provide training in project development, advice on consultation, project presentation and an awareness of the budgetary and capital-spending permissions that the Council is required to obtain.
When providing additional capacity, LEAs should consider whether it should be single-sex or co-educational, denominational or non-denominational, selective, specialist or comprehensive. In deciding this, it is good practice for LEAs to consider parental views (either directly canvassed, or as expressed through stated admission preferences) and the overall balance of provision across the LEA area. Box W in Chapter 6 provides an example of an LEA responding to parental demand by adding new capacity across three secondary schools.

Where capital approval for expansion cannot be obtained, or where approved projects cannot be completed in time, LEAs will often have to resort to temporary classrooms. These can take the form of mobile classrooms or demountables. A mobile classroom can normally be moved between schools without too much expense, whereas a demountable is normally assembled on site on a brick base and is likely to remain at a single site throughout its useful life. If an LEA has spare mobile classrooms, these can usually be provided at relatively little cost; otherwise the provision of temporary classrooms can result in significant capital expense.

The extent to which mobile classrooms are used varies significantly between LEAs, with many having more than 10 per cent of their capacity in the form of mobiles (Exhibit 14, overleaf). However, it is noticeable that in all LEAs only a small minority of mobiles are moved or installed in any one year.

If LEAs are to use mobiles effectively it is important that they develop a policy on their use. This should include:

- the circumstances in which it is preferable to use mobiles rather than permanent buildings;
- when to use mobile classrooms and when to use demountables;
- whether it is preferable to hire or purchase them;
- a recording system to keep track of their current locations; and
- a review process to ensure those no longer needed are taken out of use, or made available to other schools – and to consider the possibility of replacing any mobiles that have effectively become permanent with permanent buildings.
Exhibit 14
Temporary classrooms as a percentage of total capacity, LEA-maintained schools

Few temporary classrooms are moved in any one year.

Source: Audit Commission questionnaire to LEAs, March 1996 (assumes a single mobile has a capacity of 30 pupils, a double mobile a capacity of 60 pupils)
## Checklist for action

<table>
<thead>
<tr>
<th>Aspect of performance</th>
<th>Good practice features</th>
<th>Action required</th>
</tr>
</thead>
</table>
| Maximising sources of finance          | ✦ a good forecasting methodology, reliable information on housing development and regular reviews of supply and demand on an area basis  
✦ LEA pursues opportunities within the Schools Renewal Challenge Fund  
✦ opportunities of Private Finance Initiative funding are considered  
✦ contributions towards school building costs are sought from developers, where appropriate  
✦ LEA assists schools in pursuing other sources of funding and in putting together their bids |                 |
| Liaison with others                    | ✦ LEA works closely with dioceses and (if at Stage 2) FAS in proposing additional capacity                                                                                                                          |                 |
| Character of extra places              | ✦ the type of new provision takes account of parental preferences                                                                                                                                                   |                 |
| Effective use of mobile classrooms     | ✦ a policy on when mobiles are to be preferred to permanent classrooms, and whether they should be hired or purchased  
✦ good recording of their locations and a review process to enable them to be moved elsewhere when required                                                                                      |                 |
LEAs have an important role to play in helping all parents to obtain a place for their child at a school of their choice. LEAs should:

- give careful consideration to the admissions criteria used;
- ensure that admissions booklets are clear and informative, and use a variety of additional methods to inform parents;
- review the way that admissions are processed, working with others wherever possible;
- carry out the admissions process in a timely fashion;
- develop specific action to tackle appeals 'hot spots'; and
- develop a customer-focused approach to handling admissions and appeals.
No authority with oversubscribed schools can expect to satisfy all parents. However, the way that admissions and appeals are managed can have an important effect on the numbers getting a school of their choice, and on how satisfied parents are with the overall process.

This chapter contains a background section on admissions followed by a review of the key areas to address in establishing and implementing the admissions process. There is then a background section on appeals followed by a review of key issues in the effective handling of appeals.

Although in many areas LEAs’ statutory responsibilities are limited, there is much that LEAs should endeavour to achieve, by working with others if necessary:

<table>
<thead>
<tr>
<th>LEAs should…</th>
<th>which will have the following benefits…</th>
</tr>
</thead>
<tbody>
<tr>
<td>✮ establish effective admissions criteria, process applications efficiently and seek agreement on co-ordinated admission arrangements where there is a variety of admissions authorities</td>
<td>– parents will have a better understanding of the options available and a better match will be achieved between parents’ stated preferences and the places they are offered</td>
</tr>
<tr>
<td>✮ provide accurate and informative admissions booklets and other information for parents</td>
<td>– parents will be able to use their preferences more effectively</td>
</tr>
<tr>
<td>✮ carry out the admissions process in a timely fashion</td>
<td>– parents have plenty of time to make their decisions and know the outcome as early as possible</td>
</tr>
<tr>
<td>✮ review admissions criteria in relation to appeals – including investigation of and action to relieve any appeals ‘hot spots’</td>
<td>– the number of appeals can be reduced by tackling the underlying issues</td>
</tr>
<tr>
<td>✮ develop a customer-focused approach to handling admissions and appeals</td>
<td>– parents will be less dissatisfied with the outcome</td>
</tr>
</tbody>
</table>

### Background to admissions

**6.1** LEAs have a duty under the Education Act 1996 to make arrangements so that parents can express a preference for which LEA-maintained school they would like their child to attend; this applies to parents living inside or outside the LEA area. There is no equivalent duty in respect of GM schools. The duties of LEAs in relation to admissions and appeals are set out in DfEE Circular 6/96 (Welsh Office Circular 33/96) and are summarised below.

**6.2** For county and VC schools (but not VA or SA), LEAs must publish information about the arrangements for expressing a preference, arrangements for admission and arrangements for appeal. As the admissions authority for these schools, the LEA must also set the admissions limit for each school (no lower than the SN), and consult with governors annually on admissions limits.
and any change in the admissions arrangements. Governors of VA and SA schools must set their own admissions limit (again, no lower than the SN), and must consult with the LEA before changing their admissions arrangements.

6.3 Provided the number of applications does not exceed the SN or admissions limit for any individual school, all those applying in a relevant age group must be offered a place, except in the following two circumstances:

- if it is a VA or SA school, it may have an agreement with the Secretary of State to preserve its religious character; such schools can limit the number of pupils of a different faith that they will admit (a section 413(1) agreement); or
- if it is a fully selective school, it can refuse entry to those not meeting the appropriate standard (although this option is not available to partially-selective schools).

6.4 The requirement to admit up to the SN, and the above exclusions, apply equally to LEA-maintained and GM schools.

6.5 For county and VC schools, the LEA may apply to the Secretary of State for a reduction in SN if the capacity of the school has been reduced. On the other hand, school governors may ask the LEA to increase the admissions limit and, if refused, can apply to the Secretary of State to increase the SN (and hence the admissions limit). For VA and SA schools, it is up to the governors to apply for any reduction in SN, and they have discretion to set an admissions limit above SN.

6.6 In setting their admissions arrangements, LEAs should specify how county and VC schools will choose between applicants if they are oversubscribed. The criteria that will be used should be set out in priority order.

6.7 The most commonly used admissions criteria are:

- sibling link (brother or sister already at the school, or in particular years at the school);
- medical, social or compassionate reasons;
- distance (‘crow-fly’ or walking distance and distances to alternative schools may also be taken into account; travel time can be used as an alternative to distance);
- catchment areas;\(^1\)
- feeder schools;\(^2\) and
- educational and other reasons.

6.8 In addition, ability or aptitude can be used by selective schools; aptitude may be used by specialist schools for a limited number of places and religious affiliation may be used by VA (or SA) schools.

6.9 Many LEAs have found it advisable to specify sibling links and medical/social reasons as their first two priorities. There is a danger that, if these are not included in the admissions criteria, they will be used by parents in

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\(^1\) Under this criterion, a catchment area boundary is drawn around each school. Normally all pupils within the catchment area will be guaranteed a place. Those from outside the area may also apply, but will be allocated a place (usually on a distance basis) only if places remain after satisfying the demand from within the catchment area. Catchment area boundaries are sometimes redrawn from year to year to reflect a school’s ability to accommodate the likely demand.

\(^2\) Under this criterion, priority is given to pupils who currently attend one of the defined feeder schools linked with the school to which they are applying.
their appeals against non-admission – and if appeals committees find in the parents’ favour it will cause additional problems for schools.

6.10 However, there is a problem in using subjective admissions criteria, such as social or medical reasons, because they make consistent judgements harder, and they may favour the parents who are more skilled at articulating their case. In order to reduce these dangers, LEAs should:

- define the factors that will be considered (at normal admissions stage) as objectively as possible;
- require supporting evidence, signed by an appropriate professional (eg, doctor or social worker); and
- provide appropriate training and guidance for the officers who will be handling these issues.

6.11 The most fundamental decision on the admissions process is whether to use catchment areas (or feeder schools, which have a similar effect) or a more open form of enrolment such as distance or travel time. Box S summarises some of the advantages and disadvantages. Because of the Greenwich Judgment it is sometimes difficult for LEAs that have adopted an open enrolment policy to revert to catchment areas. Therefore, LEAs should abandon use of catchment areas only after careful consideration of the likely consequences (in terms of disaffected parents and possibly an increased number of appeals).

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**Box S**

**Catchment areas or open enrolment?**

The arguments for catchment areas apply similarly to a policy of feeder schools; the ‘open enrolment’ arguments apply to any form of distance or travel-time criterion.

<table>
<thead>
<tr>
<th>Catchment areas</th>
<th>Open enrolment</th>
</tr>
</thead>
<tbody>
<tr>
<td>♦ all pupils can be guaranteed a place at a local school (although it is up to the LEA to decide if the place is still guaranteed for those who select a different school as their first preference – see below)</td>
<td>♦ some pupils may end up having to travel long distances to the nearest available school (see Box W for example)</td>
</tr>
<tr>
<td>♦ there is some certainty for parents as to the school their child will attend</td>
<td>♦ parents cannot be sure which school their child will attend</td>
</tr>
<tr>
<td>♦ the LEA can become unpopular with parents if boundaries have to be redrawn</td>
<td>♦ the ‘market’, rather than the LEA, determines where the boundaries will be</td>
</tr>
<tr>
<td>♦ there is a danger of challenge, particularly if catchment boundaries are redrawn to coincide with LEA boundaries</td>
<td>♦ no risk of challenge in respect of the Greenwich Judgment, provided distances are measured irrespective of LEA boundaries</td>
</tr>
<tr>
<td>♦ there is a risk of breakdown if any GM or VA schools adopt different criteria (eg, in Essex a GM school abandoned its catchment area leaving many parents with no local school at all)</td>
<td>♦ can be applied regardless of the admissions policies of other schools</td>
</tr>
</tbody>
</table>
6.12 With an open enrolment policy, most LEAs choose to use either crow-fly distance or the shortest walking distance. The advantage of crow-fly distance is that it is easier to measure, particularly if addresses are recorded using Geographic Information System (GIS) coding. Crow-fly distance is also less open to dispute (with shortest walking distance parents often dispute whether a particular route is safe for children to take). However, walking distance must be used for the assessing a pupil’s entitlement to free school transport; also, where there are physical barriers such as rivers, motorways or railway lines, crow-fly distance can lead to perverse results.

6.13 LEAs often find that different considerations predominate in different parts of the authority, and therefore they adopt different admissions criteria for different schools, or for different areas of the authority. For example, access to the nearest school is likely to be of greater importance in rural areas than in large towns.

6.14 Varying the admissions criteria for different schools can be particularly useful in addressing admissions problems peculiar to a particular area. For example, Hillingdon LEA uses crow-fly distance, but because there is a limited choice of schools for pupils living in the area between Heathrow Airport and the M4 motorway, it has created ‘priority areas’ (a form of catchment area) for the three local primary schools. The crow-fly distance still applies, but priority is given to pupils living in the ‘priority area’ above others who may live nearer to the school but not in the ‘priority area’.

6.15 Most LEAs find that the most satisfactory arrangement is for applications to primary schools to be made direct to the individual schools, with parents able to apply separately to more than one school if they are unsure whether they will gain a place at their preferred school. The school or LEA will then inform the parents whether they have been allocated a place, and if not, they will normally be given the name of one or more alternative schools where places are available.

6.16 For secondary schools it is more common for admissions to be administered centrally by the LEA, with all parents being asked to complete a form setting out their preferred schools in priority order. LEAs using admissions criteria based on feeder schools or catchment areas often find it necessary to require preference forms only from those wishing to apply to a school other than the designated school for that area.

6.17 LEAs that ask for a form listing schools in preference order should make it clear how the order of preferences will be used in allocating places. There are two main options, first preferences first, or all preferences equally:

- **first preferences first** is adopted by most LEAs, because it is simpler to operate. All first preferences are considered before any others. Parents who are unsuccessful in their first preference are then considered (on the basis of their second preference) for any places not already filled by other parents’ first preferences. If still unsuccessful, their third preference will be matched against places still unfilled by first or second preferences, and so on. This system has the disadvantage that parents may waste their first
choice by applying for a heavily oversubscribed school, and as a result lose out on a place at a popular local school that would have represented a more realistic first choice. This can lead to a high level of appeals and often an excessive amount of parental distress.

- **all preferences equally** is more complex to operate. In considering applications to an individual school, no distinction is made between those who placed it first and those who placed other schools higher. The preferred ranking expressed by parents is used only to prevent a place at one school being offered to a pupil who is also assured of a place at a school that they prefer. This system has the advantage that parents can place schools in their genuine order of preference, without fear of reducing their chances of securing their second, third or subsequent choices. LEAs that operate this system generally restrict the choice to about three schools.

6.18 It is important that those LEAs operating first preferences first give parents detailed information on their likelihood of securing a place at any particular school. As a minimum, they should identify which schools were oversubscribed in the previous year, and by how much. Birmingham is one authority that identifies all oversubscribed schools in its admissions booklet, together with information on the maximum distance from which the previous years' admissions were drawn. Birmingham also makes maps available showing which addresses were within the area of admission, for each of the last three years. (Information on previous numbers of applications and admissions must be published in secondary school prospectuses. LEAs which do not identify oversubscribed schools in their admissions booklet are thus advantaging parents who are knowledgeable enough to access these sources.)

6.19 Leeds is one of the few LEAs that operates a system of all preferences equally in combination with open enrolment. The LEA uses distance as the deciding criterion when a school is oversubscribed, but pupils for whom the school is nearest are allocated a place before those for whom it is not nearest. LEAs with catchment areas can achieve a similar result by guaranteeing parents a place at their local school, while at the same time allowing them to apply to one or more other schools.

Managing multiple applications 6.20 As a result of recent education legislation and changes to the organisation of local government (notably in inner London and in counties where Local Government Review has created new unitary authorities), admissions policies that were once under a single LEA have now been dispersed. And, with the impact of the Greenwich Judgment, the number of parents seeking places across LEA borders has increased. Parents in some parts of the country can express a so-called ‘first preference’ for up to seven types of secondary school – and more than one preference within some of these types – and be offered places at all of the schools to which they have applied (Box T, overleaf). Without co-ordinated efforts by admission authorities, parents can hold on to their sheaf of offers, not discarding unwanted preferences until the start of term. This situation causes problems for schools, for parents further down the priority list, and for LEAs and other admissions authorities. Therefore, LEAs should actively try to prevent these problems from occurring.

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As a large metropolitan area, Birmingham offers significant choice and diversity at secondary level. This is particularly so in Sutton Coldfield, an affluent area to the north of the city. Sutton parents can choose from several different types of school, but the lack of a unified admissions system means that they must apply separately to many of their choices. Each separate application is recognised by the admissions authority concerned as a ‘first preference’.

A parent living in Sutton Coldfield could make up to seven separate first-preference applications, each of which could result in the offer of a place, as follows:

1. one of four LEA-maintained comprehensive schools (one of which is Catholic);
2. one of two LEA-maintained single-sex grammar schools in Sutton;
3. one of the five King Edward foundation grammar schools in the city;
4. any number of GM schools in Birmingham;
5. any number of GM schools in neighbouring LEAs;
6. a county or voluntary school in each of the neighbouring LEAs; and
7. the City Technology College in Solihull, an authority adjacent to Birmingham.

Birmingham LEA administers the admissions process for all LEA-maintained schools (that is, 1 and 2 above) so although a parent may apply for both a selective and a non-selective place, the LEA will know if they have received two offers. For preferences 3 to 7 listed above, however, admissions are administered by five (or more) separate admissions authorities, each working to a different timetable. There is an incentive, therefore, for parents to hold on to offers until they have learnt the result of all their applications. Even then, they are under no obligation to inform the admissions authorities whose offers they intend to reject.

The combination of a wide choice of schools and a fragmented admissions process presents problems for three groups:

- **schools** must overallocate places to take account of parents who will eventually accept offers elsewhere. All three of Sutton’s county schools are popular and oversubscribed – for the September 1996 entry they received 1,429 first preferences and made 866 offers for their 630 places;

- **parents** who do not receive an offer from their preferred LEA school in the first instance face an anxious wait to see if places subsequently become available; and

- **the LEA** invests considerable time in pursuing parents who have not accepted or rejected their LEA offer, reallocating places to parents further down the waiting list when offers are rejected, and managing the appeals process. Sutton’s four LEA schools were the subject of 276 admission appeals in 1995/96, equivalent to 25 per cent of the Year 7 intake.

6.21 Like Birmingham, most LEAs have tried to reduce the problem by handling the administration of secondary school admissions on behalf of other schools in their area, but less than 14 per cent have achieved this for all schools (Exhibit 15).
6.22 Many LEAs (or individual schools) have found it expedient to share with other admissions authorities (or schools) the names of those to whom they have offered places. They can then write to those parents holding more than one offer, asking them to state their true preference. Unless there is a co-ordinating authority, though, offers to parents who continue to hold on to places from more than one admissions authority cannot easily be withdrawn. Where the problem is particularly acute, the admissions authorities can apply jointly to the Secretary of State for a section 430 agreement; this allows them to withdraw offers from parents who are holding multiple offers. Only three section 430 agreements have been approved to date: two in Essex and one in the London Borough of Sutton.

6.23 Some of the consequences of multiple applications can be alleviated by holding waiting lists for oversubscribed schools. Thus, when parents release an offered place in favour of an alternative, it can be offered to the parent with the next strongest case. This can work satisfactorily if the place is released in good time. However, if it gets close to the start of school term, parents are less likely to accept the place offered and, if they do, it will cause difficulties for the schools that were originally expecting their children.

6.24 In addition to waiting lists, some LEAs offer more places than are actually available at certain schools, confident that not all offers will be taken up. For example, East Sussex assumes that at least 10 per cent of pupils offered places at certain secondary schools will take up places across the county border at Tunbridge Wells grammar schools instead.

6.25 Good-quality admissions booklets are essential if the admissions process is to run smoothly and if parents are to make the best choices for their children. But some LEAs offer parents insufficient information and advice to help them express their preferences, often producing admissions brochures that appear to have been written with lawyers and officials, rather than parents, in mind.

6.26 LEAs should review the language and clarity of their admissions booklets, but they might also compare them with the checklist in Box U (overleaf).

6.27 In addition to clear admissions booklets, LEAs should seek to use all other possible ways of providing information to parents. Parents of preschool-age children need to be informed of the dates and procedure for admission to primary schools, and the availability of the admissions booklet. Advertisements in the local press, in public buildings or on local radio may be used, or information may be distributed through playgroups, nurseries, health professionals and libraries.

6.28 Some LEAs arrange parents’ meetings at primary schools to explain the admissions arrangements for secondary schools. Hammersmith and Fulham LEA has distributed a video containing information about secondary-school admissions (Box V, overleaf).
Box U
Checklist for admissions booklets

- Does it mention all types of school? Does it give names and contacts for all VA schools, GM schools and any City Technology Colleges in the area? Does it explain the difference between the various types of school? Does it mention the option of attending a school in a neighbouring authority, with contact telephone numbers for the schools or LEAs?

- Does it explain parents’ rights? Does it make it clear that parents have a right to express a preference, but that they will not necessarily be successful in obtaining a place at the school of their choice?

- Is it clear how many schools can be applied to, and how important the order? Does it explain that parents can apply to more than one school? If there is a single application form for all LEA schools, is it clear whether all first preferences are allocated before any second or third preference is considered? Alternatively, do schools give equal consideration to all preferences, regardless of their order?

- Does it identify the extent to which any school might be oversubscribed? Where all first preferences are considered before any others, this is vitally important if parents are not to waste their first choice. But in other cases this is also good practice in that it will help to manage parental expectations.

- Does it give guidance on choosing a school? Does it suggest how a parent might go about identifying the right school for their child? Does it suggest visiting more than one school?

- Does it make it easy to find out more? Does it give a contact name and telephone number at the LEA and for each school? Are there maps showing the locations of schools? Does it give details on how to obtain school prospectuses? For secondary schools, does it give details of open days?

- Is there information on free school transport? Is it clear in what circumstances free transport will be provided? Is it clear whether or not this includes those who choose their nearest denominational, single-sex or selective school, or who choose a school other than the catchment area school?

- Does it offer help to parents who do not understand English? In areas with a significant ethnic-minority population, it may be appropriate to provide translations into other languages. In all LEAs the booklet should mention the existence of an advice service for parents with poor literacy, or for whom English is not their first language.

Box V
Hammersmith and Fulham video on secondary school admissions

In 1996 Hammersmith and Fulham LEA prepared a video for the benefit of parents of Year 6 pupils. It explains the admissions process for secondary schools and also contains information on each of the seven LEA-maintained schools in the borough, with location shots. This provided an opportunity for the headteachers of each of the schools to explain their school’s characteristics, ethos and facilities to potential parents. Information in this form also avoids marginalising people who are less literate or less comfortable with written material.

A copy of the video, which runs for 27 minutes, was handed out to every Year 6 pupil in primary schools within the borough. Its availability was also advertised to parents of other Year 6 pupils. The video, with a small amount of re-filming to reflect changes, will be used again in following years.

The LEA claims that the cost of the preparing and distributing the video is very low in comparison with the potential income to be generated by attracting a few extra pupils to the LEA’s schools.
In addition to providing places for pupils at the normal ages of admission or transfer, LEAs also have a responsibility to find places for pupils who move into the area at other times during their schooling. In these circumstances parents will normally apply direct to the school of their choice. In LEAs where there is a limited choice of schools and few that are oversubscribed, this is unlikely to present parents with much of a problem. However, where there are several oversubscribed schools parents will need help in identifying those that have spare places. This is likely to be a particular issue in London and other large conurbations.

Southwark LEA, for example, provides a ‘clearing house service’ which gives up-to-date information on all schools (including GM schools) with available places.

LEAs work to very different timescales for managing admissions. Some require parents to submit applications for places in November, while in other authorities parents have until Easter to decide. The timescales will be partly affected by the complexity of the admissions arrangements (eg, the prevalence of GM and VA schools, and of selective schools). However, for the benefit of parents, it is important that some phases in the process should be as short as possible, while others are as generous as possible.

The Audit Commission has analysed the timing of the admissions process for primary and secondary schools in 13 LEAs in relation to the following six key dates:

(i) date of distribution of admissions booklet;
(ii) last date for normal applications;
(iii) date by which at least 95 per cent have been made an offer;
(iv) date by which appeals must have been lodged;
(v) date by which 95 per cent of appeals had been settled; and
(vi) start date of autumn term.

From a parent’s viewpoint, the gaps (i) to (ii), (iii) to (iv) and (v) to (vi) should be as generous as possible, while the gaps (ii) to (iii) and (iv) to (v), should be as short as possible.

There is only a limited amount of central direction and guidance on the timeliness of the admissions process. The information in (i) has to be published at least six weeks before the deadline for applications (ii). In addition, the Secretary of State would like the publication of national exam results (November) to precede the deadline for secondary school applications.

There is no set timescale for appeals, either in statute or in regulations. However the extrapolation of a legal judgment in a somewhat different context might suggest that two weeks is the minimum reasonable time within which to respond to the offer of a place. The code of practice on appeals for county and voluntary schools (issued by the local authority associations in December 1994) advises that appeals should be completed before the end of the term before the term of entry.
6.36 Using a combination of this guidance, and analysis of the 13 LEAs, the Audit Commission has derived the suggested timings in Table 4. The ‘adequate performance’ was achieved by at least 75 per cent of authorities, and the ‘best practice’ represents what was achieved by the best 25 per cent.

### Background to appeals

6.37 Any parent not offered a place at the school of their choice has the right to appeal against the decision. LEAs are responsible for establishing an appeals process for county and VC schools, whereas the governors of VA, SA and GM schools are responsible for their own appeals arrangements.

6.38 Appeals must be heard by an appeals committee that includes at least one lay member. The code of practice advises that consideration should be in two stages: a ‘factual stage’, where the committee decides if ‘prejudice’ would arise, and a ‘balancing stage’, where the committee should balance the consequences to the family of refusing a place against the educational consequences of exceeding the admissions limit. Appeals committees must treat each case on its individual merits.

6.39 Though the governors of VA schools are responsible for their own appeals process, many will constitute their own appeals panel, but leave the LEA to make the administrative arrangements.

6.40 The appeals process must be separate from the allocation of places under the normal admissions arrangements. Places allocated as a result of an appeal will be additional to the normal allocation, and so will generally result in the number of admissions being higher than the SN or admission limit.

6.41 The number of appeals has risen in recent years, particularly in primary schools, although the proportion of successful appeals has remained broadly constant (Exhibit 16). Rising appeal numbers may result from an increased awareness and motivation by parents trying to get the best for their children. But they may also reflect unmet parental expectations – which, given the high rate of unsuccessful appeals, must often remain unmet. Successful appeals may satisfy the appellants, but they may bring difficulties for the school (which will...
Exhibit 16

Appeals have increased by 58 per cent in the primary sector and 35 per cent in the secondary sector.

Source: Audit Commission analysis of DfEE data

face an increase in class size), and may cause dissatisfaction for parents whose children already had a place at the school but who face larger classes as a result of successful appeals. Appeals frequently cause parents distress and make the efficient and effective planning of school places more difficult – yet with pupil numbers and parental expectations rising, the increases of recent years look set to continue.

6.42 A breakdown of the national level of appeals shows wide differences in the level of appeals in different LEAs (Exhibit 17, overleaf). Differences between LEAs can be due to a range of factors, including the degree of choice available to parents and the proportion of schools that are oversubscribed. There is also wide variation in the proportion of appeals that go to hearing, and the proportion of these that are successful.

6.43 There is much that LEAs can do to prevent an unnecessarily large number of appeals, and to manage more effectively those that do occur.

6.44 In seeking to reduce the volume of appeals, LEAs should look at their general admissions criteria and processes, they should identify specific problem areas or ‘hot spots’, and they should aim to improve the help that they provide to parents.

Action to manage appeals more effectively
Exhibit 17
LEA appeals as a percentage of total numbers on roll, 1994/95

There are wide differences in the overall level of appeals...

...and in the proportion going forward to a formal hearing...

...and in the proportion of these that are successful.

Source: Audit Commission analysis of DfEE data
6.45 Many LEAs restrict their published admissions criteria to objective factors, such as sibling links and distance. This means that any parent who has medical or social reasons for wanting their child to attend a particular school (e.g., an asthmatic child may require a school as far away from traffic fumes as possible) can have this taken into account only through the appeals process. The number of appeals would probably be reduced if clear-cut social or medical cases were included in the admissions criteria, and were thus considered as part of the normal allocation process (but see the warnings in paragraph 6.10).

6.46 LEAs that allocate places on the basis of first preferences first may get a significant number of appeals from parents who ‘wasted’ their first choice and ended up with their least satisfactory alternative. Such LEAs should consider converting to a system of all preferences equally, or at least providing clearer guidance to parents on the risks attached to making certain choices from their particular home address.

6.47 LEAs might also reduce the number of appeals by responding to any local anomalies in admissions. For example, if there is a large number of appeals from a particular community that cannot gain entry to any of their local schools, the LEA might respond by reviewing the admissions criteria in that area. Thus, for example, Hillingdon LEA (paragraph 6.14) uses crow-fly distance in most of the authority but ‘priority areas’ in the south of the borough. Other authorities that use absolute distance in most areas, use distance relative to the nearest alternative school in areas where local access is a problem. Leeds LEA had a similar problem in the Morley area; this was resolved by adding capacity at three different schools in such a way as to ensure places for Morley parents without exacerbating the problem of falling numbers in other schools (Box W, overleaf).

6.48 In all cases, clear guidance on the admissions process can lead to a reduced level of appeals; it is certainly unacceptable (and probably counterproductive) to restrict information in the hope of discouraging appeals. However, it is important that admissions booklets try to manage parental expectations. For example, they should make it clear that parents have a right to express a preference, rather than a right to choose. They should also identify those schools that, on past experience, are likely to be heavily oversubscribed (see paragraph 6.18).

6.49 There is also much that LEAs can do to provide help and advice to parents, both at the time of the original application and before the hearing of a formal appeal. Many of the best authorities provide help-lines and will offer counselling for parents to discuss their options before or after they lodge an appeal. Often an acceptable alternative offer of a place is possible, or a parent might be reassured by a place on a waiting list. At least one LEA has tried to reduce the level of formal appeals by offering a hearing before a preliminary panel, although it is questionable whether this does anything to reduce the authority’s administrative burden.
Morley is a relatively affluent area on the southern edge of Leeds LEA. The three secondary schools there have been experiencing increasing pressure on admissions, not just from Morley children, but also from those living in inner Leeds and the neighbouring borough of Kirklees. The LEA uses crow-fly distance as its main admissions criterion.

The table below shows the Standard Numbers (SN) of the three schools, the actual numbers of admissions, appeals and unsuccessful applicants, for the years 1993 to 1995.

- in 1993, all children from the Morley area were able to gain entry to one of the three schools;
- in 1994 demand increased dramatically, but in spite of 92 successful appeals many Morley children (those living in the East Ardsley area, which happens to be further from the schools than certain parts of inner Leeds and Kirklees) did not secure a place. There was a local outcry;
- in 1995, the SN of the schools was increased by a net 38 places, but demand still exceeded supply by 73 places. To avoid a repeat of the previous year’s disquiet, all these applications were accepted and were accommodated through the use of temporary classrooms.

To bring the matter under control for future years, the LEA decided to add permanent classrooms at all three schools (funded partly through a bid for basic need). Thus in 1996 it was possible to further increase the SN of each of the schools by a total of 135 places. The SN increases were applied to the three schools in such a way as to try and ensure places for all East Ardsley children, while minimising the additional children drawn from beyond the Morley area. However, the approach remains vulnerable to increases in demand from outside the LEA boundary (given the Greenwich Judgment) and to shifts in parental preference among the three schools.

<table>
<thead>
<tr>
<th>Sept 1993</th>
<th>SN</th>
<th>Accepted + successful appeals</th>
<th>Unsuccessful</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bruntcliffe</td>
<td>180</td>
<td>183 + 23</td>
<td>17</td>
</tr>
<tr>
<td>Woodkirk</td>
<td>250</td>
<td>248 + 10</td>
<td>0</td>
</tr>
<tr>
<td>Morley High</td>
<td>215</td>
<td>206 + 0</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sept 1994</th>
<th>SN</th>
<th>Accepted + successful appeals</th>
<th>Unsuccessful</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bruntcliffe</td>
<td>180</td>
<td>178 + 36</td>
<td>31</td>
</tr>
<tr>
<td>Woodkirk</td>
<td>250</td>
<td>242 + 36</td>
<td>19</td>
</tr>
<tr>
<td>Morley High</td>
<td>215</td>
<td>207 +20</td>
<td>23</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sept 1995</th>
<th>SN</th>
<th>Accepted + successful appeals</th>
<th>Unsuccessful</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bruntcliffe</td>
<td>191</td>
<td>245 + 0</td>
<td>0</td>
</tr>
<tr>
<td>Woodkirk</td>
<td>257</td>
<td>270 + 0</td>
<td>0</td>
</tr>
<tr>
<td>Morley High</td>
<td>235</td>
<td>241 + 0</td>
<td>0</td>
</tr>
</tbody>
</table>
6.50 Appeals can be expensive and time-consuming for LEAs, in terms of administrative effort, time spent preparing the LEA case and the time of the appeals committee hearing itself. The average cost of preparing the LEA’s report to the appeals committee, plus the direct cost of the appeals hearing itself, is approximately £100 per appeal. But the cost can depend significantly on the number of cases heard in a day. In 11 authorities reviewed by the Audit Commission the average workload of appeals committees varied from 7 to 30 appeals per day (Exhibit 18). LEAs should try to seek a compromise between being inefficiently slow (handling an average, say, of less than 10 appeals per day – except in those rural areas where the total number of appeals within a convenient radius does not permit this) and being so hasty that appellants feel that not enough consideration is being given to their case (an average, say, of over 20 appeals per day).

6.51 Appeals can prove very stressful for parents and children. If they are unsuccessful, their dissatisfaction is likely to be greatly increased if the appeals process has not been properly explained to them, or if they feel that their legitimate arguments have not been listened to.

6.52 All LEAs should provide training for their appeals committees. Leeds LEA has a formal training programme for all appeals committee members which is designed to help them to explain the process more clearly to appellants, and also to help them put appellants at their ease. The training also helps to improve their awareness of the full range of consequences of their decisions, so that they can balance properly the pros and cons of accepting an appeal. Other LEAs arrange for appeals committees to visit the schools concerned, or hear directly from the headteacher, in order to appreciate the implications of additional admissions.

Exhibit 18
Number of appeals per day for different LEAs

Most authorities manage between 10 and 20 appeals per hearing day.

Source: Audit Commission fieldwork
Finally, LEAs should seek the views of appellants on how they found the process, so that the LEA can try to reduce any areas of dissatisfaction. It can also be helpful to obtain feedback on why parents appealed and why some withdrew their appeals. A good complaints procedure, which is brought to the attention of all appellants, and occasional surveys of opinion should facilitate useful feedback.

Opinion surveys should also be extended to cover the whole admissions process, so that the LEA can discover any failings or misunderstandings involving its admissions booklet or any other parts of the process. Lancashire LEA commissioned such a survey of the users of one of its area education offices (Box X).

The Lancaster area office in Lancashire LEA engaged a market research firm (The Responsive College Unit) to survey those parents of Year 7 pupils who had made use of the area office. This involved a postal questionnaire to 3,000 parents, with almost 1,400 responses. It covered visits to the office, telephone enquiries, letters and application forms.

The survey was able to confirm that most parents found the admissions booklet easy to understand and were happy with the way that their application for a place was processed. However, the survey revealed that delays in finding out the results of the application had caused problems for many. It also revealed particular difficulties in understanding the application process for free home-to-school transport.
<table>
<thead>
<tr>
<th>Aspect of performance</th>
<th>Good practice features</th>
<th>Action required</th>
</tr>
</thead>
</table>
| Admissions process          | ♦ admissions criteria given careful consideration, including the possibility of variation in different parts of the LEA  
♦ ‘all preferences equally’ is considered for allocating places, or else information is provided on likely oversubscription  
♦ LEA administers the admissions process for all secondary schools in the area, and actively tries to resolve problems of multiple applications |                 |
| Information for parents     | ♦ admissions booklets use plain English  
♦ admissions booklets satisfy the checklist in Box U (p78)  
♦ a variety of different methods are used to provide information to parents  
♦ assistance is provided to parents who move into the area |                 |
| Timeliness                  | ♦ admissions timetable is consistent at least with the ‘adequate performance’ standards in Table 4 (p80) |                 |
| Managing appeals            | ♦ general admissions criteria are reviewed in the light of excessive appeals  
♦ appeals ‘hot spots’ are reviewed to investigate the possibilities of specific action  
♦ training is provided for all members of appeals committees  
♦ appeals committees handle between 10 and 20 appeals per day |                 |
| Client focus                | ♦ help-lines and guidance are available before a formal appeal  
♦ parental satisfaction and complaints are monitored regularly  
♦ surveys are carried out to determine whether parents fully understand the system |                 |
Managing Outcomes

The matching of supply and demand can create many outcomes that LEAs need to address. LEAs should:

- review the status of small primary and secondary schools, supporting those that are necessarily small and considering the closure or merger of those that are not;

- review the position of small sixth forms, encouraging joint arrangements and collaboration between all post-16 providers; and

- develop an effective early-warning system to identify schools in difficulty, providing initiatives to tackle the underlying problems and taking more decisive action if turnaround strategies have proved unsuccessful.
In addition to managing the supply of places and the demand for them, LEAs also need to manage the outcomes by tackling problems – such as those experienced by small schools, small sixth forms and schools in difficulty – that emerge as a result of trying to match pupils with places.

This chapter is divided into sections covering each of these areas in turn and providing examples of how LEAs might deal with them most effectively:

**LEAs should…** | **which will have the following benefits…**
---|---
- target the funding of small schools towards those that are likely to remain an essential part of LEA provision, consider closing or merging those that are not essential, and improve the support arrangements for those remaining | - less funding tied up in support of uneconomic schools (and possibly of educationally ineffective secondary schools), but better outcomes in those that remain
- investigate the extent of schools’ cross-subsidy of small sixth forms, consider the closure or merger of those that are unviable and encourage co-operative arrangements among others | - avoidance of small sixth forms that may drain the rest of the school of resources and/or might provide an inappropriate choice of options to their students
- develop an effective early warning system for schools in difficulty, and target funds and initiatives to tackle their underlying problems | - schools whose numbers fall or whose performance starts to deteriorate, are supported and turned around before they enter a spiral of decline

**Background**

The emphasis on small schools within the first part of this chapter does not imply that LEAs should aim for schools to be as large as possible. Some LEAs may well feel that they have more of a problem with schools that are too large than with ones that are too small.

7.1 LEAs’ responses to the problems of small schools and small sixth forms range from the sound to the non-existent. For example, only two out of ten LEAs visited during the study fieldwork had robust techniques for differentiating between:

(a) those schools that, as a result of a sparse population and lack of alternatives in an area, were necessary to meet local needs but almost certain to remain small, and

(b) those schools that were small because of loss of pupils to alternative schools in the area, and which therefore could be closed or merged.

7.2 Nationally, few LEAs have taken steps to tackle the problems of small sixth forms. Only five proposals to close or merge sixth forms have been submitted to the DfEE since April 1992, and only a minority of fieldwork LEAs were pursuing alternative means of alleviating the problems, such as encouraging collaboration or franchising.

7.3 Although most LEAs are likely to have some schools that are experiencing difficulties, the capacity for detecting and responding to them varies. The best
LEAs have comprehensive monitoring techniques to ensure early identification of schools in difficulty and then take action to resolve the problems; other authorities do not. As a result, schools in difficulty may not be tackled effectively until they are designated as ‘failing’ following an Ofsted/OHMCI inspection. By that time the problems may be severe, making it far more difficult to turn the school around.

7.4 One of the main themes of the 1990 Audit Commission report, *Rationalising Primary School Provision* (Ref. 7), was the need for LEAs to consider the closure of those small primary schools that were not justified by local circumstances. Three arguments were put forward against small primary schools:

- **Cost**: small schools attract greater funding per pupil than larger ones;
- **Expertise**: the National Curriculum demands a breadth of expertise that is more difficult to provide in a school with only two or three teachers; and
- **Resources**: small schools are less likely to have basic facilities, such as halls and playing fields, without which such pupil activities as drama and team sports are likely to be curtailed.

7.5 However, if young children are to be taught within reasonable proximity to their homes, then some small schools will be necessary, especially in rural areas. And there is no doubt that some small primary schools give their pupils an extremely good education. LEAs should target their efforts and resources towards those small schools that are essential.

7.6 There is no exact definition of what constitutes a small primary school. However, an analysis of delegated budgets per pupil against numbers on roll shows a marked increase in spending per pupil, for schools of below about 90 pupils (Exhibit 19).

---

**Small primary schools**

---

**Exhibit 19**

*What is a small primary school?*

Unit costs are much higher for schools with fewer than 90 pupils.

---

**Budget per pupil (£)**

<table>
<thead>
<tr>
<th>£ 0</th>
<th>£ 500</th>
<th>£ 1,000</th>
<th>£ 1,500</th>
<th>£ 2,000</th>
<th>£ 2,500</th>
<th>£ 3,000</th>
<th>£ 3,500</th>
<th>£ 4,000</th>
<th>£ 4,500</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>100</td>
<td>200</td>
<td>300</td>
<td>400</td>
<td>500</td>
<td>600</td>
<td>700</td>
<td>800</td>
<td></td>
</tr>
</tbody>
</table>

**Source**: Audit Commission analysis of section 122 returns for seven English counties, 1995/96
For purposes of comparison, therefore, a small primary school has been defined as one with fewer than 90 pupils. As well as being the point at which unit costs begin to rise steeply, this benchmark also approximates to the point where it is difficult to support four or more teachers.

An analysis of surplus place returns for England and Stats 1 data for Wales, for 1996, shows that there are few such schools in London or the metropolitan authorities, but in some of the most rural authorities, over one-third of primary schools fall into this category (Exhibit 20).

LEAs need to review small primary schools in their areas. This requires them to look at each small school and satisfy themselves that each is justified. For those that are justified, the LEA should ensure that it is giving the schools adequate support.

Few small schools would be able to survive financially if they did not receive a disproportionate share of the ASB. If, having weighed the evidence, the LEA deliberately decides to retain some small schools, then it must protect them in this way. The requirement that the whole of the ASB must be formula-driven prevents the LEA from blatantly supporting some small schools and not others, but LEAs use a variety of mechanisms to target funds where they are most needed. Because of this variety, it is difficult to compare directly the relative generosity of different LEAs. Box Y (overleaf) summarises the most common elements of LMS formulae that help to support the higher unit costs in small schools.

**Exhibit 20**

Proportion of LEA-maintained primary schools with less than 90 pupils

Over one-third of primary schools in many rural authorities have fewer than 90 pupils.

Source: Audit Commission analysis of data from DfEE and the Welsh Office, 1996
7.11 One way of trying to show the relative degree of support for small schools is to look at their average budget per pupil compared to that of their larger counterparts in the same authority. LMS schemes for nine LEAs have been reviewed to compare the average budgets per pupil for schools of between 60 and 90 pupils and schools of over 90 pupils. This shows that the average funding per pupil for the smaller schools ranges from 17 per cent to 39 per cent above the average for the larger schools (Table 5). Furthermore, the relative generosity does not appear to be a function of either the type of authority or of the prevalence of small schools.

### Table 5
**LEA support for small primary schools**

<table>
<thead>
<tr>
<th>LEA</th>
<th>% primary schools with under 90 pupils</th>
<th>Ratio of budget per pupil for schools 60-90:schools 90+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural county</td>
<td>13.8%</td>
<td>1.39</td>
</tr>
<tr>
<td>Semi-rural county</td>
<td>10.8%</td>
<td>1.31</td>
</tr>
<tr>
<td>Semi-rural county</td>
<td>30.8%</td>
<td>1.31</td>
</tr>
<tr>
<td>Urban county</td>
<td>16.3%</td>
<td>1.26</td>
</tr>
<tr>
<td>Met district</td>
<td>8.3%</td>
<td>1.24</td>
</tr>
<tr>
<td>Semi-rural county</td>
<td>11.4%</td>
<td>1.21</td>
</tr>
<tr>
<td>Semi-rural county</td>
<td>17.9%</td>
<td>1.19</td>
</tr>
<tr>
<td>Urban county</td>
<td>16.5%</td>
<td>1.17</td>
</tr>
<tr>
<td>Rural county</td>
<td>34.4%</td>
<td>1.17</td>
</tr>
<tr>
<td><strong>Average LEA</strong></td>
<td><strong>1.25</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Audit Commission analysis of section 122 returns for nine English LEAs, 1995/96
7.12 The level of extra financial support available to small schools will depend on the policy of the LEA and the circumstances of individual schools. However, those LEAs giving a relatively high level of support might usefully consider whether too much of the total budget is tied up in this way; those giving a relatively low level of support might consider whether small schools have the resources and support mechanisms to provide a good quality of education.

Action to merge/close small schools
7.13 If an LEA wants some small schools to be able cope financially, it is difficult for it to use the funding formula to prevent the continuance of other small schools. However, Birmingham LEA has attempted to target small schools protection at those schools that are necessarily small, rather than those which have low pupil numbers as a result of their unpopularity. Protection is awarded according to the school’s SN, rather than the number on roll; thus, schools designed to be small (and so having a low SN) will receive protection, but physically larger schools that are half empty will not. Rural LEAs might need to consider whether such an approach would unfairly penalise isolated schools in areas of declining population. (Chapter 4 also contains an example of an LEA, Lancashire, adjusting the LMS formula to prevent overgenerous support to half empty schools.)

7.14 Some LEAs may argue against depriving small, unpopular schools of resources in this way. They would argue that these schools require the additional funding to prevent them from entering a spiral of decline. The counter-argument is that it is short-sighted and misleading to support schools for which there is no long-term future. Rather than provide unpopular schools with resources as of right, it might be better to target central resources (for example, inspectorate and advisory services) to try and turn them around. Then, if there is no hope of recovery, more decisive action may be necessary.

7.15 Regardless of what can be achieved through the LMS formula, many LEAs will need to consider the closure or merger of some small schools, if too much of the budget is not to be tied up in their support. Chapter 4 outlined good practice in relation to removing surplus capacity in this way. One of the most effective ways of reducing the number of small primary schools may be the merger of infant and junior schools (as discussed in paragraph 4.26).

Action to support small schools
7.16 Where small schools are necessary, the LEA should do what it can to minimise the non-financial shortcomings: shortage of expertise and of facilities. Many LEAs have encouraged small schools to form ‘clusters’, in which two or more schools co-operate by sharing expertise and resources (for example, specialist teaching staff whom none of the schools could fund wholly from its individual budget), or organising joint pupil activities. A variety of clustering arrangements can be established, ranging from the formalised joint funding of posts to very informal mutual support arrangements. Sometimes these are arranged by the schools themselves; in other cases, the LEA is active in bringing the schools together.
A recent report by Coopers & Lybrand for the NASUWT (Ref. 9) concluded that the greatest educational and financial benefits are delivered by the ‘federating’ of groups of small schools. In a federated arrangement (at that time found in Dorset, Gloucestershire, Hampshire, Surrey, Wiltshire and the former county of Clwyd), schools combine to form a single legal entity – with a single head and governing body – that operates on more than one site.

In most LEAs, the inspection and advisory service is likely to pay particular attention to small schools, to ensure that they have appropriate resources at their disposal. The choice between clusters and federations is likely to depend on local circumstances. However, LEAs should be active in encouraging small primary schools to establish suitable support arrangements.

The issues concerning small secondary schools are similar to those that concern small primary schools, but are different in scale. Pupils of secondary-school age are able to travel longer distances, so there is less need for very small schools. Also, at secondary schools, where the curriculum is wider, teachers need to be specialists in their subjects, and pupils need to be given a wider choice of options. Thus, a much larger number of teachers is necessary for a viable secondary school.

For secondary schools, there is a less marked turning point in the average funding levels of small schools (Exhibit 21) than there is for primary schools. But the budget per pupil in a school of 600 or less is approximately 14 per cent higher than for schools of 1,200 or more.

### Small secondary schools

#### Exhibit 21
**Budget per pupil by size of secondary school**

Unit costs of schools with fewer than 600 pupils are generally higher than those of larger schools.

**Source:** Audit Commission analysis of section 122 returns for 11 English metropolitan districts, 1995/96
But LEAs should not be concerned solely with costs: they must also consider educational effectiveness. While there is no identified relationship between school size and performance in the primary sector, in the secondary sector small schools are more likely to experience educational problems. Not all small secondary schools face such problems: there are many examples of schools (some selective, some comprehensive) that perform well with a roll of fewer than four forms of entry. And – particularly in urban areas – some of the small schools that are less effective may have shrunk as a result of previous poor performance. However, an analysis of Ofsted inspection data suggests that, whether they are in rural or urban areas, small secondary schools are less likely to be designated as ‘meeting with success’ (Box Z).

**Box Z**

### Size and effectiveness

All Ofsted inspections yield a series of Inspection Grades – quantititative assessments of school performance. These grades are combined in four key composite indicators covering educational issues: standards of achievement, quality of education, school ethos, and efficiency. An average of these four scores is also calculated, to give a measure of overall performance (shown below as ‘overall education’) for the school; for this exercise, Ofsted also used a composite indicator for school management. For each of these six composite indicators, Ofsted reaches a judgement about whether a school is deemed to be ‘meeting with success’.

Ofsted analysed the percentages of schools ‘meeting with success’ using these indicators, to explore the hypothesis that there is a relationship between size and performance. For primary schools no relationship was identified; but in the secondary sector, small schools in both rural and non-rural areas were less likely to ‘meet with success’ than larger schools. For all aspects of performance apart from school ethos in rural schools, the percentage of successful small schools (the first column) is lower than the percentage of successful larger schools. This relationship holds true whether the comparison is with larger schools educating pupils with a similar socio-economic make-up to the small schools (column 2) or with all large schools (column 3).

Note:
For the purpose of this analysis, a small secondary school is defined as one with fewer than 600 pupils (or fewer than 700 pupils if it has a sixth form); such schools may have been designed to be small or may have become small because of declining popularity. A ‘rural’ secondary school is defined as one without another secondary school within three miles. Interestingly, the data suggests that rural secondary schools perform consistently better than urban secondary schools, whatever the school size.

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**Percentages of rural secondary schools (excluding middle schools) inspected 1993–1996 meeting with success in aspects of performance:**

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Rural Small secondary schools</th>
<th>Matched sample of larger rural secondary schools</th>
<th>All larger rural schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standards of achievement</td>
<td>74%</td>
<td>85%</td>
<td>83%</td>
</tr>
<tr>
<td>Efficiency</td>
<td>66%</td>
<td>78%</td>
<td>76%</td>
</tr>
<tr>
<td>School ethos</td>
<td>87%</td>
<td>83%</td>
<td>88%</td>
</tr>
<tr>
<td>Education quality</td>
<td>70%</td>
<td>83%</td>
<td>81%</td>
</tr>
<tr>
<td>Overall education</td>
<td>74%</td>
<td>88%</td>
<td>87%</td>
</tr>
<tr>
<td>Management</td>
<td>57%</td>
<td>70%</td>
<td>69%</td>
</tr>
<tr>
<td>Sample size</td>
<td>61</td>
<td>82</td>
<td>196</td>
</tr>
</tbody>
</table>

**Percentages of non-rural secondary schools (excluding middle schools) inspected 1993–1996 meeting with success in aspects of performance:**

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Non-rural Small non-rural secondary schools</th>
<th>Matched sample of larger non-rural secondary schools</th>
<th>All larger non-rural schools</th>
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</thead>
<tbody>
<tr>
<td>Standards of achievement</td>
<td>42%</td>
<td>54%</td>
<td>62%</td>
</tr>
<tr>
<td>Efficiency</td>
<td>51%</td>
<td>66%</td>
<td>66%</td>
</tr>
<tr>
<td>School ethos</td>
<td>60%</td>
<td>65%</td>
<td>72%</td>
</tr>
<tr>
<td>Education quality</td>
<td>53%</td>
<td>68%</td>
<td>70%</td>
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<tr>
<td>Overall education</td>
<td>47%</td>
<td>65%</td>
<td>69%</td>
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<tr>
<td>Management</td>
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<td>62%</td>
</tr>
<tr>
<td>Sample size</td>
<td>325</td>
<td>585</td>
<td>1,580</td>
</tr>
</tbody>
</table>

Source: Ofsted analysis of inspection data 1993–1996
Overall, there is no evidence that small schools deliver higher quality (and some evidence that they may be associated with less effective performance). They are generally more expensive, and therefore represent poor value for money if alternative provision is feasible.

For purposes of comparison, a small secondary school has been defined as one with fewer than 600 pupils for schools without a sixth form, and 700 for those with a sixth form. This is equivalent to schools of fewer than four forms of entry, as a school of this size will find it difficult to provide sufficient choice of curriculum, particularly for pupils in Years 10 and 11. However, any such definition of a small secondary school is somewhat arbitrary: some LEAs argue that six forms of entry is a more appropriate threshold; others argue that small schools with stable rolls can manage better than slightly larger schools with fluctuating or declining rolls.

Analysis of the proportion of secondary schools with fewer than 600/700 pupils reveals a wide variation between LEAs. This does not appear to be a function of the authority type, nor of the relative sparsity of its population (Exhibit 22).

LEAs should review their position and satisfy themselves that the number of small secondary schools in their authority is justified.

As indicated earlier, there is less disparity between the funding of small and large secondary schools than is the case in the primary sector. However, the relative generosity does vary significantly between authorities (Table 6).

---

**Exhibit 22**
Proportion of LEA-maintained secondary schools with fewer than 600 pupils (or 700 for schools with a sixth form)

The proportion of small schools appears unrelated to authority type.

Source: Audit Commission analysis of data from DfEE and the Welsh Office, 1996
Possible LEA action in relation to small secondary schools is similar to that described for small primary schools. This includes better targeting of the LMS formula, closures or mergers, and targeting the resources of the inspection and advisory service.

As with small schools, small sixth forms are more likely to experience financial or educational difficulties once they drop below a certain threshold. The 1985 DES report, Better Schools (Ref. 10), suggested that 150 was the minimum size for a sixth form to offer a cost-effective and full range of course options, although the report recognised that smaller sixth forms might be viable where there were co-operative arrangements. The diversification of post-16 course options (for example, the introduction of GNVQs) has led some educationalists\(^I\) to argue that 250 is a more realistic minimum size for adequate provision of a full range of options, given current teaching methods. On the other hand, a 1996 Ofsted report, Effective Sixth Forms (Ref. 11), indicates that a school sixth form may be educationally and financially viable with fewer than 150 pupils if it focuses on a narrow range of provision.\(^II\)

Sixth forms offering a limited choice of options should ensure that they recruit only those pupils who are genuinely interested in the courses on offer, guiding others to more suitable institutions.

The appropriate size of a sixth form will vary with the range of courses offered. However, Audit Commission research indicates that, in practice, it is at around the Better Schools (Ref. 10) threshold that sixth forms become more

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\(^I\) For example, Sir Christopher Ball, ‘How Many Pupils Make a Sixth Form?’, Times Educational Supplement, 4 November 1994.

\(^II\) In 110 schools inspected, Ofsted did not find any sixth forms with fewer than 100 pupils that were cost-effective. However, the report included a calculation indicating that it would be possible to run a sixth form with as few as 22 pupils, if it offered only two GNVQ intermediate-level courses.
likely to require subsidy from the rest of the school budget (Exhibit 23). Currently, 58 per cent of the 1,960 sixth forms in England and Wales have fewer than 150 pupils on roll.

7.31 The method used for estimating the cost-effectiveness of individual sixth forms is based on methodology in *Unfinished Business* (Ref. 12). The method is set out in Box AA; LEAs may wish to apply it to their own schools.

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**Exhibit 23**

**School subsidisation of small sixth forms**

Below a number on roll of 160, sixth forms become more likely to require subsidy from the rest of the school budget.

Source: Audit Commission analysis of a sample of school sixth forms in five LEAs

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**Box AA**

**Calculating the contribution of school-based sixth forms**

(a) Ask the school to count the number of sixth-form teacher periods per week and to divide this by total number of teacher periods for the whole school. Express this as a percentage. This is a proxy for the percentage of total school costs that are devoted to the sixth form. *(It assumes that the number of teacher periods is proportional to teacher costs, and that the cost of teachers is proportional to non-teaching costs within the school.)*

(b) Analyse the delegated budget for the school, in particular that part that is determined through AWPs. Calculate the amount of AWPU-driven funding that is attributable to the sixth form (AWPU value × number of pupils). Divide this by the AWPU-driven funding for the whole school, and express as a percentage. This is a proxy for the percentage of income attributable to the sixth form *(ie, non AWPU-driven funding is attributed pro rata).*

(c) Compare these two percentages as follows:

- if (a) and (b) are within 0.5 percentage points of each other, the sixth form is assumed to break even; or
- if (a) is more than 0.5 percentage points above (b), the sixth form is assumed to be making a positive financial contribution;
7.32 The LEA cannot prevent a school choosing to cross-subsidise its sixth form in this manner. The only funding option available to it is to make sixth-form funding relatively less generous overall. AWPU for pupils over the age of 16 are legitimately higher than those for younger year-groups. However, a comparison between LEAs of the generosity of post-16 AWPU and those for younger secondary pupils reveals values from 116 per cent to 160 per cent (Exhibit 24). Therefore, in some LEAs there may be scope to reduce the size of the differential. It could be argued that this would serve only to increase the degree of cross-subsidisation, but it might at least persuade some schools to think twice about retaining their small sixth form at all costs.

7.33 Another option available to LEAs is to try to encourage co-operation between sixth-form providers, so as to reduce costs. Several alternative arrangements are possible, such as franchising, collaboration or consortia:

- under a **franchising** arrangement one provider will run courses for the benefit of another (for example, an FE college might be asked to take over the running of a GNVQ course in a school, allowing greater flexibility in the use of staff). Some LEAs have found that requirements imposed by the FEFCs are making this option increasingly difficult;

- **collaboration** could involve two adjacent schools agreeing to run different A-level courses, and timetabling them so that students could move between the two schools; or

- a **consortium** arrangement would involve two or more schools combining resources to run a single sixth form. It might be located at one of the schools, or split between them, and it could draw on teachers from all the schools (for example, Box AB, overleaf).

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**Exhibit 24**

Relative funding of post-16 pupils compared to other secondary pupils

There are wide variations between LEAs in the level of additional support for post-16 pupils.

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*Source: Audit Commission analysis of the section 122 returns for 38 English LEAs, 1995/96*
7.34 However, a review of GM sixth forms by FAS found that co-operative arrangements may lead to increased costs – often the driving force behind the arrangement being a desire to broaden the curriculum, rather than to reduce costs. In contrast, Ofsted’s inspection evidence is that, for at least some sixth forms, co-operative arrangements save costs.

7.35 In some circumstances LEAs may have to take action to close sixth forms in some schools, or to create a ‘mushroom’ sixth form serving a group of secondary schools, but located at one of them. This is unlikely to be very popular with the schools that are to lose their existing sixth forms. LEAs have the power to close sixth forms in county schools by publishing proposals for a significant change in character of the school, but if the school objects there is no guarantee that the Secretary of State will find in the LEA’s favour.

7.36 Increased competition between schools has led to many recent requests to establish sixth forms. However, even if a proposed sixth form is viable in itself, it may have an adverse effect on other post-16 providers in the area. Thus LEAs have often found themselves having to resist such demands – sometimes in the face of the threat of an application for GM status if the school’s wishes are not met.

7.37 The key to a satisfactory outcome in such circumstances is for the LEA to seek agreement among all providers, rather than enter separate battles with individual schools. Chapter 1 gave the example of Leeds LEA acting as an ‘honest broker’ for all post-16 providers. Two other examples are:

- in Dorset, the LEA, FAS and three schools (two LEA and one GM) worked co-operatively to create a sixth-form consortium in the Christchurch area (Box AB); and
- in Sheffield, where a tertiary college covers most areas of the city, the authority was faced with requests from two 11–16 schools that wished to establish sixth forms. The LEA involved all secondary and tertiary providers to try to agree a set of criteria for determining whether a proposed sixth form was appropriate. The criteria considered included viability, access and cost.

7.38 In April 1997 there were 296 primary and secondary schools ‘under special measures’, following an Ofsted/OHMCI inspection. In addition to these ‘failing schools’, a larger number of schools are having difficulty in remaining viable and providing a reasonable quality of education. Such schools can be grouped under the heading ‘schools in difficulty’ and identified with reference to a basket of measures, such as:

- having been identified as having ‘serious weaknesses’ following an Ofsted/OHMCI inspection or as a result of the LEA’s own inspection work;
- poor and unimproving performance in National Curriculum assessments or external examinations;
- declining admissions;
- high levels of unfulfilled places;
- high levels of absence by both pupils and staff;
Box AB

Establishing a sixth form consortium between three schools in Christchurch

There is currently no sixth form in any of the three secondary schools in Christchurch. Pupils wishing to receive further education have the choice of FE colleges in either Bournemouth (6 miles) or Brockenhurst (12 miles), two single-sex grammar schools in Bournemouth or a Roman Catholic comprehensive school. In 1995, of the 487 Year 11 pupils in the three schools, 420 went into further education at another institution.

Following pressure to create their own sixth forms, and the Secretary of State’s refusal of a governors’ proposal for a ‘stand-alone’ sixth form at one of the schools, the three schools were persuaded to work collaboratively (all are within three miles of each other). Two of the schools are county schools and one is GM, so co-operation was needed between Dorset LEA and FAS, as well as between the three schools. A joint working party was established, made up of staff and governors of all three schools, together with education officers.

A proposal for a collaborative sixth form was agreed after consultation. Under the collaborative arrangement, each school will provide a common core of eight A-levels and in addition will be a centre of excellence providing four to seven other A-level courses. One school will specialise in languages, sociology and sports studies, another in computing, design and home economics, and the third will specialise in art, drama, music and media studies. In addition, six GNVQs will be offered: two at each school. The timetable of each school will be co-ordinated to facilitate inter-site travelling by students and staff.

The collaborative sixth form will require additional accommodation to be built at all three schools, costing approximately £2.6 million. Work will start in early 1998 and will be completed by September. It is envisaged that from the start of its second year, September 1999, the sixth form will have over 450 pupils.

- high numbers of exclusions;
- difficulties with staff recruitment and retention;
- high governor vacancies or turnover; and
- poor financial health.

7.39 Not all schools that come out badly against any one of these measures could necessarily be identified as causing concern, but those that perform badly across a number of the measures should receive special attention. An analysis based on a limited number of measures identified 8 per cent of secondary schools in metropolitan districts and 13 per cent of those in inner-London as being schools in difficulty.

7.40 Many such schools enter financial, social or educational spirals of decline – or a combination of all three (Exhibit 25, overleaf). But, under LMS, the effect of formula funding can leave such schools in a position where they neither close nor recover but wither on the vine. The reduced funding that accompanies the loss of pupils makes it harder for a school to address its failings – although protection factors built into the formula provide sufficient funding to slow the spiral of decline, if not end it. In effect, the formula blunts the effect of market forces, protects schools from their own failure, and may thereby condemn them to a slow death unless effective intervention occurs. This compounds the problems of poor intake, poor staff morale and performance, and poor educational achievement. Until such schools close or recover, their pupils often unknowingly suffer an unacceptably low quality of education.

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The analysis identified schools which are (i) ‘failing’ or (ii) have fewer than 600 pre–16 pupils and unfilled places greater than 25 per cent and 20 per cent or fewer pupils gaining five GCSEs at grades A-C.
Exhibit 25
Schools in difficulty and spirals of decline

Many schools in difficulty enter financial, social and educational spirals of decline – or a combination of all three.

Source: Audit Commission

7.41 Such schools cause concern not merely because of the poor education they offer. They adversely affect an LEA’s ability to manage the supply of places and school admissions effectively, since the majority of parents become desperate to avoid sending their children to such schools. This lack of popularity leads to high levels of unfilled places in the affected schools in difficulty, with a few of them often accounting for a significant proportion of the LEA-wide problem of unfilled places. It also creates problems of oversubscription and possible overcrowding at other, more highly regarded, schools that parents turn to.

7.42 When faced with schools in difficulty, LEAs can secure better value for money by intervening promptly than by relying upon the market to resolve problems over time. The market mechanism is not strong enough to force such schools to turn around or close quickly, so they can struggle for a number of years, condemning pupils to a poor-quality education unless their parents are willing and able to transfer them to another school. The independent inspection of schools by Ofsted/OHMCI has undoubtedly helped in this area, but it is not a substitute for action by LEAs.

7.43 The best way for LEAs to avoid problems involving schools in difficulty is to prevent such situations from arising in the first place. LEAs cannot direct schools in difficulty to make changes before they have been declared ‘failing’ by an Ofsted/OHMCI inspection; they can only influence them. Therefore, they must rely heavily on co-operation. Leeds LEA has established a Family of Schools initiative that encourages schools to work together and support each other in their efforts to deliver high-quality education. Essex LEA has established a Schools Development Team to work alongside its Inspection and
Curriculum Development teams, helping schools to address issues of teaching and learning methods.

7.44 Where schools do get into difficulty, good practice involves:

- detecting problems at an early stage through a rigorous system for monitoring school health – gathering data regularly on such factors as educational performance, discipline, pupil numbers, parental preference, financial standing, staff turnover and governor turnover; and
- if schools identified as in difficulty are not to be closed, turning them around quickly through the work of the LEA inspectorate, the support of other schools and (where necessary) changes to the school’s management.

7.45 In short, the principal locus for school improvement needs to remain with the school, but there is much that LEAs can do to assist and support this improvement.

7.46 The first requirement is to establish a system for monitoring school health using a set of performance indicators along the lines of those set out in paragraph 7.38. Such a system should enable the LEA to focus its school visits and inspections much more effectively. Schools should also be encouraged to undertake self-evaluation such as that provided by HM Inspector of Schools in Scotland (Ref. 13).

7.47 Having identified a potential school in difficulty at an early stage, the LEA should then do all it can to support the school through the advisory and inspection service, through authority-wide funds and initiatives, and by encouraging school support networks. If this is likely to be insufficient, the LEA may need to instigate a ‘turnaround’ strategy. This may be an action plan for improvement, but it might involve replacing governors, the headteacher or other key staff.

7.48 An Ofsted report on the progress of schools in ‘special measures’, *From Failure to Success* (Ref. 14), identifies eight features of those schools that have improved most rapidly:

- strong leadership by the headteacher;
- effective management by senior staff;
- clear action plans with specific and measurable targets and outcomes;
- committed teachers intent on improving matters;
- good communications between the school and parents;
- poor behaviour and attendance satisfactorily tackled;
- plans for the National Curriculum and schemes of work for subjects developed; and
- effective financial management.
7.49 LEAs can apply to central government for GEST funding to assist schools that the LEA has decided are in difficulty: it is not the case that GEST funds are available only for post-Ofsted work. Devon LEA has £200,000 of GEST funding available to support schools identified by curriculum advisors as ‘schools with weaknesses’. Money (for example, for advice, seconded staff or the release of teachers) is allocated against an agreed plan to address the weaknesses (Box AC).

7.50 Finally, if the turnaround strategy fails to succeed, there may be no option but to close the school. In such circumstances, prompt action is far preferable to a long drawn out spiral of decline.

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**Box AC**

**Support for schools with weaknesses in Devon**

Devon LEA has multidisciplinary teams based in each of its area offices. These teams develop good local knowledge of the schools in their area which, together with comparative data, helps the teams to identify schools with weaknesses at an early stage; this would normally be well before the school would be identified as having ‘serious weaknesses’ by an Ofsted inspection.

The LEA uses £200,000 of GEST funding to support the schools thus identified by the area offices. The Chief Adviser writes to the head and governors of such schools, explaining why they have been identified and suggesting a programme for improvement. The GEST funding is used specifically to fulfil the agreed plan (e.g., for buying in advisers or teachers from other schools, or for releasing staff for training courses). It is not used to pay for resources other than those targeted at a specific improvement programme. Over 40 schools have so far been supported in this way.

Having previously relied predominantly on subjective information, the LEA is now developing a comprehensive database of comparative performance data. This will enable schools with weaknesses to be identified in a more open and objective manner, but it will never entirely replace the ‘ears and eyes’ of the local teams. The areas monitored will include school rolls, permanent exclusions, number of statemented pupils, SATs and external examination results, and the condition of school budgets.
## Checklist for action

<table>
<thead>
<tr>
<th>Aspect of performance</th>
<th>Good practice features</th>
<th>Action required</th>
</tr>
</thead>
</table>
| Small schools         | • LEA explores possibilities for closure or merger where appropriate  
                       | • LMS funding is targeted at those small schools that are not necessarily small but an essential part of LEA provision  
                       | • LEA promotes clustering arrangements or federations of small schools | |
| Small sixth forms     | • the relative size of post-16 AWPUs is kept under review  
                       | • LEA is active in encouraging joint arrangements between sixth forms  
                       | • LEA works with all post-16 providers to achieve a joint response to pressures for additional provision, and guidance on when provision is deemed to be non-viable | |
| Schools in difficulty | • a good early warning system to identify schools in difficulty  
                       | • targeted funds and initiatives available to identify and tackle the underlying problems of such schools  
                       | • schools are closed where turnaround strategies have proved unsuccessful | |
### Appendix 1: *Trading Places* Recommendations

#### Recommendations to central government

### (a) To make the current approach work better

1. Restate its support for local efforts to manage the supply and allocation of places, and impress upon LEAs and FAS the need to bring forward proposals for rationalisation where these are justified in financial and educational terms.

2. Encourage and support effective working relationships between LEAs and other bodies with responsibility for the supply and allocation of places.

### (b) To change the current approach

3. Reconsider the existing policy framework by reviewing the consistency between existing policies and procedures on:
   - GM status for schools facing reorganisation;
   - capital;
   - the definition of school capacity and the setting of admissions limits;
   - the entitlement of parents to choose; and
   - the balance between promoting choice and tackling surplus places.

4. Consider options to give more effective powers to local agencies (LEAs and FAS) to plan provision, and consider the introduction of mechanisms which allow central government to retain a role in approving strategies for local provision while granting maximum autonomy to local agencies to implement agreed strategies.

5. Consider options to give local agencies more powers to manage the market in their area; in particular, to co-ordinate admissions and to tackle failing schools.

6. Consider options for the introduction of an improved set of incentives and trigger mechanisms to promote value for money; for example, the use of asset rents or the development of school roll/surplus triggers, below which a school would be reviewed and expected to close unless there were compelling arguments for its continuing existence.
Recommendations for local action

7 **Adopt good practice pupil forecasting arrangements**, developing systems that estimate reliably the demand for places in the LEA and **maintaining up-to-date capacity records**, covering the space available at each school and its use.

8 **Bring forward proposals to add new capacity** when pupil numbers generate the need; ensure that, wherever possible, the form of the new capacity accords with local parental preferences.

9 **Identify scope for removing surplus places**, whether through minor changes, non-school use, partial removal of capacity or school mergers/closure; **concentrate on schools with greater than 25 per cent unfilled places**. If there is scope to remove places, **choose the most appropriate reorganisation strategy** for the LEA’s circumstances and **adopt good practice** in communication, advocacy, member involvement, staffing resources and option appraisal.

10 **Manage demand for places** by providing accessible advice and information about admissions policies, attempting to co-ordinate the administration of local admissions to overcome the problems around multiple first preferences, and pursuing strategies aimed at controlling the overall level of appeals.

11 Identify all LEA-maintained primary schools with a roll less than 90 and secondary schools with a roll less than 600 (if no sixth form) or 700 (with a sixth form), and **determine whether these small schools should be retained or expanded/closed**, ensuring proper financial and educational support for the small schools in the first category.

12 **Review smaller sixth forms** (that is, those with 150 or fewer pupils); if financial or educational problems exist, attempt to overcome these by encouraging collaboration, consortia and franchising and, if these prove unsuccessful, issuing statutory proposals for the removal of school sixth forms.
Recommendations for local action continued…

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<tbody>
<tr>
<td><strong>13</strong></td>
<td><strong>Tackle schools in difficulty</strong> within the LEA by establishing comprehensive systems for the monitoring of school health, which allow the early identification of problems, and help these schools to recover by directing resources (including LEA inspectorate and advisory staff) to support them – or ensure their rapid closure if they cannot be turned around.</td>
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<tr>
<td><strong>14</strong></td>
<td><strong>Develop and maintain open and constructive relationships</strong> with other bodies involved in the supply and allocation of school places; in particular, governing bodies, diocesan boards, FAS and central government departments.</td>
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Appendix 2: School Capacity – Briefing Note

Introduction

Any regulated system of education provision, with common rules for planning the supply of school places and managing admissions to schools, needs some method (or methods) of defining and measuring school capacity. The method(s) may be simple or complex depending on the regulator’s objectives.

In England and Wales, central government acts as a ‘regulator’ of the education system, laying down a regime of capacity definitions and measures within which LEAs and schools are required to plan provision and manage admissions. In designing this regime central government has been keen to secure the implementation of a range of policy objectives, of which two stand out: facilitating parental choice and controlling both revenue and capital expenditure. The regime achieves this by prescribing two notions of capacity, used in different ways under different circumstances. They are:

- More Open Enrolment (MOE) physical capacity; and
- Standard Number (SN) and Approved Admission Number (AAN).

To the uninitiated, this regime may appear perplexing. The purpose of this appendix is to explain each definition and clarify which is used under which circumstances.

More Open Enrolment (MOE) physical capacity

The purpose of MOE physical capacity is to provide a measure of physical capacity for the whole school. It was introduced after the 1988 Education Reform Act, via DES Circular 11/88 for secondary schools and DES Circular 6/91 for primary schools. These circulars contain formulae that LEAs should follow to calculate the physical capacity for each of their schools.

For secondary schools, the calculation is fairly complicated. After measuring classrooms and other spaces (including temporary accommodation), calculating utilisation factors and making a series of adjustments (including for pupils with statements of special educational needs), the formula generates a single number that is the school’s MOE physical capacity. This number includes the area taken up by the school’s sixth form, if it has one.

For primary schools, the calculation is simpler. The single number representing MOE physical capacity is generated by counting class bases (but excluding certain other teaching areas) and classifying them into less than and greater than 54 m² (those greater than 54 m², but less than 108 m², have a capacity of 30 pupils; those below this size have a capacity of one pupil for every 1.8 m²); an adjustment is then made for pupils with statements of special educational needs. As with secondary schools, all temporary accommodation is included.
Every county and voluntary school has its MOE capacity recorded annually, as do all GM schools in stage 2 and 3 authorities. The LEA (together with FAS in stage 2 and stage 3 authorities) sends a surplus place return annually to the DfEE, providing details of each school’s MOE and Number on Roll (NOR). GM schools in stage 1 authorities do not have to send their NOR and MOE details to the DfEE.

The DfEE uses these returns to produce aggregate figures for the level of surplus places in each LEA, and in England as a whole. The DfEE figures express the total number of surplus places (ie, the sum of the gap between NOR and MOE for all schools where NOR<MOE) as a proportion of the total capacity (sum of all schools’ MOE, including those where NOR>MOE). It is important to appreciate that DfEE figures do not net off the ‘deficit’ of places at schools with pupil numbers over MOE capacity.

**Standard Numbers (SNs)/Approved Admission Numbers (AANs)**

Standard Number (SN) and Approved Admission Number (AAN) are two labels for the same measure: county and voluntary schools have SNs, whereas GM schools have AANs. (References to SNs in this appendix should be taken throughout as references to SNs/AANs.)

SNs were introduced by the 1980 Education Act and were given a new role under the More Open Enrolment provisions of the 1988 Education Reform Act. The current purpose of the SN is to act as a minimum threshold for pupil numbers in each admission year.

A school will have a SN for each principal admission year (so, if the school only admits pupils at age 11, then it will have a single SN for year 7; but if it also has a mushroom sixth form, accepting post-16 pupils from other schools, there will also be a SN for year 12). For each admission year, each school is required to admit pupils on demand up to the limit of the SN for that year. If applications exceed the SN for the admission year, it is for the admissions authority to decide whether those pupils should be admitted, or whether their admission would prejudice the efficient and effective provision of education.

Note that the SN is not an admissions ceiling. An admissions authority is free to set (and publicise) a higher Admission Number than the SN for the year. Parents whose children have been refused admission have the right to appeal, and if their appeal is successful then the school is bound to admit them, even if admitting them takes the number on roll for that year above the SN.

Since the purpose of the SN concept is to maximise scope for meeting parental preferences, SNs are selected by taking the highest number from a menu of possible figures. Because of this, and because the SN relates to a single year rather than to the whole school, there is no necessary relationship between a school’s MOE and its SN.

The SN for a secondary school is the highest of:

- the number of pupils admitted to the relevant year-group in the whole of the 1979/80 academic year;
the number of pupils admitted to the relevant year-group in the whole of the 1989/90 academic year; and

any higher Admission Number for the relevant year-group set out in the most recently implemented statutory proposals relating to the school.

(Note that the MOE capacity is not on the menu, so a secondary school could have an SN which is smaller than its MOE/number of years in the school!)

The SN for a primary school is the highest of:

- its MOE physical capacity, divided by the number of year-groups;
- the average number of pupils per year-group in the academic year 1990/91 (ie, the NOR at the school in May 1991 divided by the number of year-groups, not including nursery classes)
- the admissions limit for that school in the academic year 1990/91; and
- any higher Admission Number for the relevant year-group set out in the most recently implemented statutory proposals relating to the school.

Once an SN has been established, it can only be changed (in practice, reduced – there is little benefit to an LEA in securing a formal increase to a school’s SN, since it can always admit above the SN) after the publication of statutory notices, the operation of a statutory consultation period and the approval of the Secretary of State.

Main uses of the definitions

MOE is used:

- as one of the factors for determining a primary school’s SN;
- for surplus place returns to DfEE;
- as supporting information for a request to the DfEE for a school’s SN to be reduced; and
- as supporting information for capital bids aimed at removing surplus places.

SN is used:

- by the admissions authority as the linchpin of admissions arrangements, acting as the point below which the authority must meet all preferences for that school in that year;
- by the DfEE as the basis for judging whether to accept a capital bid for ‘basic need’ (ie, a bid by the LEA to increase school provision in an area, so that the LEA can meet its duty under section 14 of the 1996 Education Act to provide a sufficient supply of school places): if, within two miles (three for secondary schools) of the proposed additional provision, there is a school where the NOR in the relevant year is below the its SN, then that ‘surplus’ will be deducted from the basic need bid; and
- by the LEA to assess the scope for placing excluded pupils at a school – if the NOR in a year is below the SN, then the school cannot refuse to accept the excluded pupil.
Appendix 3: Calculating a surplus-place removal target

The methodology of this appendix has been developed to assist LEAs in preparing an overall target for removing surplus places, based on data available in surplus place returns. A more detailed methodology, including an estimation of the cost savings that might accrue, is set out in Appendix 4.

The calculation of the scope for removing unfilled places is based on the number of unfilled places at those schools that have an occupancy of 75 per cent or less. Analysis of fieldwork authorities shows that it should be possible to remove a number of places equivalent to three-quarters of this total; this is the assumption adopted in this Appendix. This does not necessarily mean that the places can (or should) be removed at those particular schools. Nor does it necessarily mean the closure of any schools; it might be achieved by the removal of buildings at certain schools (eg, removing temporary buildings) or by other users occupying parts of some schools. It should be noted that if a school is closed, the number of places removed will be the full MOE of that school, not just the number of unfilled places within it. (This is because existing pupils will transfer to other schools, reducing their unfilled places too.)

To calculate a conservative estimate of the potential for removing unfilled places, complete Worksheet 1 according to the instructions below. The Worksheet includes an adjustment for the effect of rising or falling rolls over the next four years. Column One for the primary sector and Column Two for the secondary sector should be completed separately. Middle schools should be included in either the primary or secondary sector, depending on which they are deemed to be in. The method is conservative because it assumes that any increase in population will be distributed to schools pro rata to their existing number of unfilled places – in practice low-occupancy schools are unlikely to receive such a large share of the growth as this implies. It is also conservative because it assumes that only three-quarters of the unfilled places in low-occupancy schools can be removed.

In England, the Worksheet can be completed using a copy of the latest surplus place return, including occupancy data for individual schools (including GM schools). In Wales, it will be necessary to have current information on the number on roll (NOR) and MOE capacity of individual schools, preferably to include any GM schools; also required will be forecasts of primary and secondary pupil numbers for four years beyond the current data. The calculation can either include or exclude the potential for removing unfilled places in GM schools; but in either case, GM schools should be included in the data, so that the effect on LEA-maintained schools of an overall increase (or decrease) pupil numbers can be determined.

Instructions
These instructions assume the calculation is being carried out when the most recent data on school occupancy is for academic year 1996/97. All dates
should be moved forward or back by the appropriate number of years, if the
calculation is being based on a different year’s data.

**Line a:** For LEA-maintained schools in which MOE capacity is greater than
NOR, sum the differences between MOE and NOR (including summer-term
admissions for primary schools) and enter in the appropriate box. This is the
figure that English LEAs should have entered on the front page of their
surplus place return – line 3(c) for primary schools and line 2(c) for secondary
schools (in 1997).

**Line b:** Enter the equivalent figure for any under-capacity GM schools within
the LEA area. For stage 1 authorities in England and Wales, this line could be
omitted if there are likely to be few unfilled places within GM schools.

**Line c:** Sum lines \( a \) and \( b \) to give the total number of unfilled places for LEA-
maintained and GM schools.

**Line d:** Enter the total number of pupils in LEA-maintained and GM
schools in the academic year 1996/97. (In England, this will be found in Table A of
the surplus place return. In Wales, you may exclude GM schools from both
lines \( d \) and \( e \) if the numbers for just LEA-maintained schools are more readily
available.) It does not matter which term of the academic year this relates to,
but the same school term must be used for both lines \( d \) and \( e \).

**Line e:** Enter the forecast number of pupils in LEA-maintained and GM
schools for the academic year 2000/01. (In England, this will also be found in
Table A of the surplus place return.)

**Line f:** Calculate the forecast increase in pupil numbers by subtracting line \( d \)
from line \( e \). (A forecast decrease should be shown as a negative number.)

**Line g:** Calculate the forecast number of unfilled places by subtracting the value
in line \( f \) from that in line \( e \). (If line \( f \) is negative, line \( g \) will be greater than line \( e \).)

**Line h:** For LEA-maintained schools (optionally, GM schools may also be
included) that have an occupancy of 75 per cent or less (ie, NOR < 0.75
MOE), sum the differences between MOE capacity and NOR (including
summer-term admissions for primary schools) and enter the total in line \( h \).
(This is equivalent to line \( a \), except that only schools with an occupancy of 75
per cent or less should be included.)

**Line i:** Estimate the number of unfilled places that will remain in low-
occupancy schools in 2000/01. To do this you need to adjust the figure in line
\( g \) to take account of the change in the total number of unfilled places between
1996/97 and 2000/01. It is assumed that any increase or decrease in unfilled
places will be shared between those schools that are currently below capacity,
allocated pro rata to the current number of unfilled places. Thus:

\[
i = b \times \frac{g}{c}
\]

**Line j:** The potential for removing unfilled places is assumed to be three-quarters
of the number that would remain in low-occupancy schools in year 2000/01.
Thus the value in line \( i \) should be multiplied by 0.75 and entered in line \( j \).
### Worksheet 1 – Scope for removing surplus places

<table>
<thead>
<tr>
<th>Description</th>
<th>Primary</th>
<th>Secondary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of unfilled places in LEA-maintained schools</td>
<td>a</td>
<td></td>
</tr>
<tr>
<td>Total number of unfilled places in GM schools</td>
<td>b</td>
<td></td>
</tr>
<tr>
<td>Total number of unfilled places in LEA-maintained and GM schools (a + b)</td>
<td>c</td>
<td></td>
</tr>
<tr>
<td>Actual number of pupils in LEA-maintained and GM schools in 1996/97</td>
<td>d</td>
<td></td>
</tr>
<tr>
<td>Forecast number of pupils in LEA-maintained and GM schools in 2000/01</td>
<td>e</td>
<td></td>
</tr>
<tr>
<td>Forecast increase/(decrease) in pupil numbers 1996/97 to 2000/01 (e – d)</td>
<td>f</td>
<td></td>
</tr>
<tr>
<td>Forecast number of unfilled places in 2000/01 in LEA-maintained and GM</td>
<td>g</td>
<td></td>
</tr>
<tr>
<td>schools (c – f)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current number of unfilled places in LEA-maintained schools of below 75%</td>
<td>h</td>
<td></td>
</tr>
<tr>
<td>occupancy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revised estimate of unfilled places in low occupancy LEA-maintained schools</td>
<td>i</td>
<td></td>
</tr>
<tr>
<td>(h \times g/c)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conservative estimate of unfilled places that may be removable (i \times 0.75)</td>
<td>j</td>
<td></td>
</tr>
</tbody>
</table>
Appendix 4: Estimating the financial opportunities available from surplus place removal

Introduction
The methodology presented here is a paper exercise to estimate the potential financial opportunities for reducing the level of surplus places. In practice, any decision to close a school, or to reduce its capacity, would be subject to much more detailed analysis and consultation, as discussed in Chapter 4.
Furthermore, it would require a statutory notice followed by public consultation, and then almost certainly a reference to the Secretary of State. The methodology allows for some shortfall in the financial opportunities as a result of more detailed feasibility studies and consultation, but this should not be taken as an accurate assessment of the outcome of individual proposals.

This approach should be applied separately to primary and to secondary schools. (For those LEAs that have a 3-tier system separate calculations will need to be performed for first, middle and high schools.)

Calculating the number of places that might be removed
Concentrate on those schools with at least 25 per cent unfilled places. (If there are no such schools, it is unlikely that there is any opportunity for school closures.) Plot these on a map, together with all other primary (or secondary) schools in the vicinity, showing the numbers on roll (NOR) and the MOE capacities. If there is forecast to be a significant increase or decrease in pupil numbers within the area over the next four years, adjust the existing NORs by the expected percentage change in the total number of primary (or secondary) pupils over this four-year period.

a) Possible school closure
i) identify all schools with at least 25 per cent unfilled places;
ii) assess whether there is sufficient spare capacity in other schools within a two-mile radius (three miles for secondary schools) to take the pupils from the school(s) with more than 25 per cent unfilled places. If yes, it may be possible to close the school(s) with the highest level of surplus;
iii) if no, assess whether there is an option to transfer pupils from other schools within the radius into the school with the highest level of surplus. If so, it may be possible to close one of these neighbouring schools.

If there are two or more schools with at least 25 per cent unfilled places in the same vicinity, it will be necessary to explore several different combinations of possible school closures. To estimate the potential financial opportunities, concentrate on those schools with the lowest NOR.

In rural areas, the radius within which to seek other unfilled places could be increased to more than two or three miles. However, in these circumstances
any increased costs of home-to-school transport would have to be deducted from the savings from closure. By restricting the radius to two or three miles there are unlikely to be many additional pupils who have a statutory right to free school transport.

If there is no possibility of accommodating all existing pupils at any of the remaining schools in the vicinity, then the best option is to consider reducing the capacity at the school(s) with more than 25 per cent surplus.

b) Possible reduction in the capacity of schools
Where there are high numbers of unfilled places in a local area, but not enough to enable a whole school to be closed, consider instead the option of reducing the capacity of individual schools. This could be by:

- removing temporary accommodation or other buildings;
- rationalising on a single site; or
- letting part of the accommodation for an alternative use.

The suggested working assumption is that any school with a projected level of unfilled places above 25 per cent should be able to reduce this to 10 per cent. This will lead to a proportional saving in the property-related element of the school's budget.

Calculation of the theoretical financial opportunities
The calculation of potential-cost savings is based on the LEA’s LMS formula.

For these purposes the delegated budget of any affected school needs to be split into three elements:

- **pupil-related**: this will include AWPU-driven funding and also any funding based on the number of SEN pupils or numbers of pupils of particular social or ethnic groups. If any estate costs (eg, water charges) are allocated on the basis of pupil numbers, they should also be treated as pupil-related. It should be assumed that this funding will transfer with the pupils to another school and therefore is insensitive to any change in the capacity of a school.

- **property-related**: this will include variable buildings-related factors (eg, rates, rent, repairs and maintenance, energy, cleaning and caretaking) that are funded either on the basis of actual costs or according to floor area. It should be assumed that this funding is directly related to the capacity of the school and therefore would be saved in the event of a school closure, or would be reduced pro rata in the event of a partial reduction in capacity. *(Fixed premises-related costs – such as grounds maintenance, split site payments and swimming-pool allowances – are unlikely to vary with a reduction in capacity, and so are included under the next heading.)*

- **other delegated**: this will include fixed or variable lump sums (eg, base allocations, small schools protection or curricular support, even though these may be related to the number of pupils), safety-net payments, social-need payments that are based on the proportion of pupils (eg, from certain ethnic groups), grounds maintenance and swimming-pool allowances. It...
should be assumed that all of these would be saved in the event of a school closure, but would be unaffected by a partial reduction in capacity.

a) Possible school closure
For each potential school closure, the LEA’s LMS formula should be used as the basis for calculating the long-term revenue savings attributable to surplus place removal. It can be assumed that all pupil-related elements of the budget would transfer with the pupils to another school. All other items of the delegated school budget would constitute a gross savings opportunity.

Therefore, use the current year’s budget for the school, calculate the part of it that is determined by pupil numbers (e.g., pupil numbers × AWPU value for their age groups) and subtract this from the total budget to give an estimated gross revenue saving opportunity. This calculation is achieved by completing Worksheet 2. One row of the worksheet should be completed for each potential closure, as follows:

i) Enter the school name or reference number, its NOR (projected forward four years if necessary) and its MOE capacity in columns (a) to (c).

ii) Use the LEA’s most recent section 122 statement to determine the total delegated budget for the school. Enter this in column (d).

iii) Using the section 122 statement determine the amount of the budget that is pupil-related and enter it in column (e).

iv) Also calculate the amount that is property-related and enter it in column (f). (Note: the sum of (e) and (f) for any school should not be greater than (d).)

v) Any additional long-run costs of closure (e.g., extra costs of home-to-school transport) that have been estimated, should be entered in column (g).

vi) Calculate the theoretical saving by subtracting the values in columns (e) and (g) from (d) and enter the value in column (h).

vii) Now calculate the total of column (f) and the total of column (h).

It should be noted that the above methodology gives the gross revenue savings opportunity resulting from school closure. In addition, the capital implications should be determined, including any capital receipts from the disposal of the schools and credit approvals (from surplus place removal) that are available to enhance the buildings at receiving schools. However, other costs associated with disposing of the schools may have to be considered, such as:

♦ costs involved in providing security for the site whilst awaiting disposal;

♦ essential maintenance whilst the site remains the responsibility of the LEA; and

♦ professional fees in respect of site transfer/disposal.

b) Possible reduction in the capacity of schools
For each potential school capacity reduction, complete a row of Worksheet 3 as follows:

i) Enter the school name or reference number, its NOR (projected forward four years if necessary) and its MOE capacity in columns (i) to (k).
ii) Calculate the proportion of unfilled places as the difference between (k) and (j) divided by (k), express it as a percentage and enter in column (l).

iii) Calculate the potential reduction in unfilled places by reducing the figure in column (l) by 10 percentage points. Enter the result in column (m).

iv) Use the section 122 return to calculate the property-related element of the school's LMS budget and enter it in column (n).

v) Calculate the theoretical saving by multiplying the values in columns (m) and (n) and enter the result in column (p).

vi) Now calculate the sum of the entries in column (p).

Calculation of realistic opportunities
Relatively few surplus place removal schemes are fully achieved in their original form; some proposals may be modified during local consultation, some may be rejected or amended by members, and some may be rejected or amended by the Secretary of State. Therefore, a realistic assessment of the savings opportunities is recommended. This methodology applies a leakage factor of 20 per cent to the potential number of school closures/places removed by capacity reduction. This leakage factor is applied to the overall programmes of closures and capacity reductions (as set out in Worksheets 2 and 3), regardless of whether the schools are near to each other, or are in different parts of the LEA.

In some cases, this will mean that a school originally identified for closure becomes a capacity reduction proposal instead. However, in cases where more than one potential school closure has been identified, at least one closure can be included in the calculation of financial implications.

Worksheet 4 enables the realistic savings opportunities to be calculated. An example of a completed set of worksheets is included.

Closure of small schools
The same methodology and worksheets can be used for determining the scope for closing small schools and the financial implications. Instead of initially identifying those schools with more than 25 per cent of unfilled places, those with a low NOR (suggested values are 90 for primary schools, 600 for 11-16 secondary schools and 700 for secondary schools with a sixth form) should be identified.

In the case of separate junior and infant schools, there is the additional opportunity of merging them on a single site. In this case the LMS formula needs to be examined carefully (e.g., the base allocation for an all-through primary is likely to differ from that for an infant or junior school).

When evaluating the opportunities for both small school closure and surplus place removal, both exercises should be carried out simultaneously, with all results entered on the same worksheets.
Worksheet 2 – Theoretical cost savings through school closures
(All costs should be expressed in £000s)

<table>
<thead>
<tr>
<th>School name or Ref. no. (a)</th>
<th>Pupil nos. (NOR) (b)</th>
<th>Capacity (MOE) (c)</th>
<th>LMS Budget 1997/8 (£000s)</th>
<th>Extra Costs of Closure (eg, transport) (g)</th>
<th>Theoretical saving (d)-(e)-(g) (h)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary schools</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>1. Larkhill</td>
<td>133</td>
<td>210</td>
<td>197.0</td>
<td>160.1</td>
<td>16.0</td>
</tr>
<tr>
<td>2. Robins Wood</td>
<td>187</td>
<td>260</td>
<td>270.2</td>
<td>217.7</td>
<td>40.8</td>
</tr>
<tr>
<td>3. Hawkmoor</td>
<td>209</td>
<td>358</td>
<td>298.1</td>
<td>247.4</td>
<td>45.8</td>
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<td>16.</td>
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<td>Theoretical total</td>
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<td>Secondary schools</td>
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<td>1. Kestrel Park</td>
<td>361</td>
<td>803</td>
<td>777.1</td>
<td>623.7</td>
<td>86.5</td>
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<td>Theoretical total</td>
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<td>86.5</td>
</tr>
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</table>
Worksheet 3 – Theoretical cost savings through school capacity reduction

(All costs should be expressed in £000s)

<table>
<thead>
<tr>
<th>School name or Ref. no.</th>
<th>Pupil nos. (NOR)</th>
<th>Capacity (MOE)</th>
<th>% unfilled places [(k) – (j)]/(k)</th>
<th>% surplus reduction (l) – 10% (m)</th>
<th>Property-related budget (£000s) (n)</th>
<th>Theoretical saving (m) x (n) (p)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary schools</td>
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<tr>
<td>1. Ashfield</td>
<td>266</td>
<td>456</td>
<td>41.7%</td>
<td>31.7%</td>
<td>51.5</td>
<td>16.3</td>
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<tr>
<td>2. Birch Hill</td>
<td>146</td>
<td>210</td>
<td>30.4%</td>
<td>20.4%</td>
<td>22.1</td>
<td>4.5</td>
</tr>
<tr>
<td>3. Cedar Point</td>
<td>170</td>
<td>228</td>
<td>25.4%</td>
<td>15.4%</td>
<td>24.9</td>
<td>3.8</td>
</tr>
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<td>4. Maple Park</td>
<td>208</td>
<td>343</td>
<td>39.4%</td>
<td>29.4%</td>
<td>37.9</td>
<td>11.1</td>
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<td>5. Oakwood</td>
<td>214</td>
<td>290</td>
<td>26.2%</td>
<td>16.2%</td>
<td>38.8</td>
<td>6.3</td>
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<tr>
<td>1. Pine View</td>
<td>433</td>
<td>1028</td>
<td>57.9%</td>
<td>47.9%</td>
<td>76.5</td>
<td>36.6</td>
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<tr>
<td>2. Rowan Vale</td>
<td>928</td>
<td>1960</td>
<td>52.7%</td>
<td>42.7%</td>
<td>98.4</td>
<td>42.0</td>
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<td>3. Willow Grove</td>
<td>433</td>
<td>645</td>
<td>32.9%</td>
<td>22.9%</td>
<td>49.7</td>
<td>11.4</td>
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<td>7.</td>
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<td>8.</td>
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<tr>
<td>Theoretical total</td>
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<td></td>
<td></td>
<td></td>
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<td>90.0</td>
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Worksheet 4 – Summary of realistic financial opportunities of school closure and capacity reduction

(All costs should be expressed in £000s)

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<th>Primary</th>
<th>Secondary</th>
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<td><strong>Theoretical Saving from School Closure</strong></td>
<td>q</td>
<td>129.1</td>
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<td>(Total of column (h) in Worksheet 2)</td>
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<td>153.4</td>
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<tr>
<td><strong>Theoretical Number of School Closures</strong></td>
<td>r</td>
<td>3</td>
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<tr>
<td>(ie, number of lines completed in Worksheet 2)</td>
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<tr>
<td><strong>Realistic Number of School Closures</strong></td>
<td>s</td>
<td>2</td>
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<tr>
<td>(r) x 80% rounded down to next whole number</td>
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<td>0</td>
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<tr>
<td><strong>Balance for capacity reduction</strong></td>
<td>t</td>
<td>0.4</td>
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<tr>
<td>(r) x 80% – (s) (this will be 0 or a multiple of 0.2 up to maximum of 0.8)</td>
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<td>0.8</td>
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<tr>
<td><strong>Realistic saving from school closures</strong></td>
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<td>86.1</td>
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<td><strong>Balance from capacity reduction</strong></td>
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<td>(Total of column (f) x (t)/(r))</td>
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<td><strong>Theoretical Saving from Capacity Reduction</strong></td>
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<tr>
<td><strong>Realistic capacity reduction savings</strong></td>
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<tr>
<td>(w) x 80%</td>
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<tr>
<td><strong>Total Realistic Opportunities (recurrent savings only)</strong></td>
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<tr>
<td>(u) + (v) + (x)</td>
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<td>141.2</td>
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## Abbreviations and Glossary

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<thead>
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<th>Definition</th>
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<tr>
<td>AAN</td>
<td>Approved Admissions Number&lt;br&gt;the equivalent of SN for GM schools, which is fixed when their application for GM status is approved</td>
</tr>
<tr>
<td>ACG</td>
<td>Annual Capital Guideline&lt;br&gt;a central government guideline on capital expenditure for each major service, used to calculate an authority’s Basic Credit Approval</td>
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<tr>
<td>ASB</td>
<td>Aggregated Schools Budget&lt;br&gt;the total amount delegated to schools’ budgets via LMS</td>
</tr>
<tr>
<td>AWPU</td>
<td>Age-Weighted Pupil Unit&lt;br&gt;the monetary value assigned to each pupil in the LMS formula (differs by age group)</td>
</tr>
<tr>
<td>BN</td>
<td>Basic Need&lt;br&gt;a DfEE capital allocation for additional school places in areas of population growth</td>
</tr>
<tr>
<td></td>
<td>County school&lt;br&gt;a school managed and wholly funded by the LEA. The term ‘county school’ applies whether it is in shire or metropolitan areas</td>
</tr>
<tr>
<td>DfEE</td>
<td>Department for Education and Employment</td>
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<tr>
<td>EBD</td>
<td>Emotional and Behavioural Difficulty&lt;br&gt;a category of special educational need</td>
</tr>
<tr>
<td>EBN</td>
<td>Exceptional Basic Need&lt;br&gt;an emergency category of basic need for replacement of structurally unsound teaching premises</td>
</tr>
<tr>
<td>FAS</td>
<td>Funding Agency for Schools&lt;br&gt;the funding body for GM schools in England: it also has planning responsibilities in Stage 2 and 3 LEAs</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Definition</td>
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<tr>
<td>FE</td>
<td>Further Education</td>
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| FEFC         | Further Education Funding Council  
The body responsible for allocating funds to FE colleges and FE courses provided by LEAs |
| Form 7       | the annual pupil census return to the DfEE completed by all schools each January (equivalent to Stats 1 in Wales) |
| GEST         | Grants for Education Support and Training |
| GM           | Grant-maintained |
| GNVQ         | General National Vocational Qualification |
| LEA          | Local Education Authority  
**LEA-maintained**  
all schools financially maintained by the LEA; including county, VC, VA and SA schools; excludes GM schools |
| LGR          | Local Government Reorganisation |
| LMS          | Local Management of Schools |
| LRC          | London Research Centre |
| MOE          | More Open Enrolment  
a provision of the 1988 Education Reform Act, requiring an admissions authority to admit pupils on demand up to each school's standard number  
**MOE capacity**  
a measure of the physical capacity of a school, introduced by DES Circulars 11/88 (secondary) and 6/91 (primary) – see Appendix 2 |
| NOR          | Number on Roll |
| Ofsted/OHMCI | Office for Standards in Education/Office of Her Majesty’s Chief Inspector (Wales)  
the bodies, for England and Wales respectively, with responsibility for operating the school inspection regime established under the Education (Schools) Act 1992 |
ONS  Office for National Statistics

PFI  Private Finance Initiative

Primary school
Normally schools taking pupils from reception class through to Year 6 (the school year in which most pupils have their 11th birthday). Primary schools include all separate infant and junior schools. For authorities that have a 3-tier system (first schools, middle schools and high schools), middle schools are included as secondary schools if they contain Year 8 pupils, but as primary schools if their maximum year-group is Year 7 or less.

PSB  Potential Schools Budget
the amount of money delegated to schools (ASB), plus some discretionary exceptions (eg, repairs and maintenance), which cannot exceed 15 per cent

PSI  Popular Schools Initiative
a scheme run by the Welsh Office under which ‘popular’ schools bid for capital funds to enable expansion

Pupil yield
a factor to determine the number of schoolchildren generated by a new housing development

RC  Roman Catholic

SA  Special Agreement
a category of school similar in status to VA

SATs  Standard Assessment Tests

SCA  Supplementary Credit Approval
a borrowing approval related to a specific scheme and time period

Section 21 return (now a surplus place return)
an annual return from LEAs to the DfEE comparing, for each school, capacity and number on roll, and also containing pupil forecasts

Section 106 agreement
a planning obligation entered into by a developer to meet the costs of essential community facilities (including schools) imposed as a result of the development
Section 122 return (previously section 42)
a statement of the LEA's planned expenditure under its 
LMS scheme for each financial year, it also gives the main 
components of the LMS formula

Section 413(1) agreement (previously section 6(6))
a limitation on the number of pupils of a different faith 
that need be admitted to a denominational (VA or SA) 
school

Section 430 agreement (previously section 260) 
an agreement between admissions authorities allowing 
them to withdraw offers from pupils who have accepted 
places at more than one school

Secondary school
Normally schools taking pupils from Year 7 onwards. For 
authorities that have a 3-tier system (primary schools, 
middle schools and high schools), middle schools are 
included as secondary schools if they contain Year 8 pupils, 
but as primary schools if their maximum year-group is 
Year 7 or less

SEN  Special Education Needs

SN  Standard Number
a minimum threshold for pupil numbers in each admission 
year – see Appendix 2

SP  Surplus Places

SRCF  Schools Renewal Challenge Fund

Stage 1/2/3
When referring to the supply of school places, this defines 
whether statutory responsibility rests with the LEA, FAS, 
or both, depending upon the proportion of pupils in GM 
schools, defined separately for primary and secondary.

Stats 1
the annual pupil census return to the Welsh Office 
completed by all schools each January (equivalent to Form 
7 in England)

VA  Voluntary-aided

VC  Voluntary-controlled
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