



Department for
Communities and
Local Government

Brandon Lewis MP

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Dear Chief Executive,

Supporting housing development to increase housing supply, and providing a high quality school place for every child are two of the Government's top priorities.

We want to help people fulfil their aspirations of owning their own home and to help local authorities provide high quality school places particularly where the need for additional school places has increased due to new housing and growing communities. A key concern many of you have raised is how to secure funding to establish new schools, or expand existing ones, where they are needed.

The purpose of this letter is to set out the various opportunities for securing funding for both the expansion of existing schools and new schools to support housing growth.

Accommodating new demand for school places from new housing

Where major new housing developments create an *additional* need for school places, then you as the local authority should expect a substantial contribution from the developer towards the cost of meeting this requirement. However, you will want to consider what is an appropriate contribution to request in the context of any other infrastructure needs which contributions are also being sought for. You should also consider carefully representations from developers about the timing of their contributions. Where there are genuine concerns that funding new school places alongside the development may render it unviable if homes are yet to be sold, we would encourage local authorities to be flexible in seeking such obligations up front.

One way of resolving these cash flow difficulties is to support the creation of a new school through the Government's central free schools programme. The Government is committed to opening 500 free schools by 2020 and the Department for Education (DfE) invites applications to establish new schools through this programme each March and September. While local authorities themselves cannot run or propose these new schools, many authorities have encouraged successful and well-established local education providers to establish new schools through the process. The upfront costs of establishing the new school are funded centrally. Whilst we still expect that developers should contribute to capital costs, these contributions can be provided later on, after the school has been established and new homes built and sold. This can help to overcome cash flow issues and enable developments to proceed. Additionally, in circumstances where a development generates a requirement for additional school places but not enough funding for a whole new school, the DfE free schools programme can help bridge that gap. Both types of arrangements require careful structuring and early engagement with the Education Funding Agency (EFA). You can contact the EFA at FreeSchools.EFACAPITAL@education.gsi.gov.uk.

Accommodating existing additional demand for school places

Where the demand for additional school places is generated by population growth within a local area without a large scale extension of the housing stock, the cost of these additional places, including the transition funding required until that school reaches capacity, should be met by the local authority. £3.6 billion of basic need capital funding has already been allocated to local authorities for 2015-18, and we intend to continue to roll forward the timing of allocations so that you will always know levels of funding at least three years in advance. These allocations are made on a formulaic basis, using the information you provide through the annual school capacity survey about the size of existing schools and forecast pupil numbers. You can then choose whether to use this funding for the construction of a new free school through the well-established 'presumption process', with the authority providing the site, or to use it to expand existing schools.

You can also encourage applications to the central free school programme where the need for additional school places is caused by existing additional demand. Again, the DfE funds the upfront costs of establishing the new school centrally, and this has no bearing on any existing basic need allocation you may have received. The Secretary of State for Education has asked her Regional Schools Commissioners to work closely with local authorities to identify where free schools can help meet demographic pressures and to seek suggestions from local authorities as to suitable school operators. We encourage you to consider this option carefully, including whether you can support the development of new provision via this route by providing sites on a long lease and minimal cost basis, and how you could work with the DfE to identify the best local operators to run new schools.

We hope this is helpful in providing clarity about the routes to secure funding for new school places, but if you would like more information or would like to discuss it further please contact daniel.bridger@communities.gsi.gov.uk at the Department for Communities and Local Government and jane.balderstone@education.gsi.gov.uk in relation to free schools or victoria.dare@education.gsi.gov.uk in relation to new school places, at DfE.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Brandon Lewis', with a long horizontal flourish extending to the right.

Brandon Lewis MP
Minister of State for Housing

A handwritten signature in blue ink, appearing to read 'Lord Nash', with a long horizontal flourish extending to the right.

Lord Nash
Parliamentary Under Secretary of State for Schools

