



The Funding of Primary Schools in England

Introduction

There are currently around 17,640 primary schools in England which provide education for children from the age of 4 or 5 through to age 11 when they move to [secondary school](#). In terms of the age of the school estate in England, over two thirds of [primary schools](#) were built over 25 years ago. The majority of Primary Schools are funded by the Government and accountable to both national and [local government](#) requirements. However, primary schools currently control their own [capital expenditure](#) on the buildings, both for new buildings and maintenance of existing buildings, through a programme known as [Devolved Formula Capital](#). Additional funding for school building projects has been made available through other Government initiatives such as [New Deal for Communities](#) and [Targeted Capital Funding](#) which is the provision of money for projects to help areas where there are high levels of deprivation. To provide more systematic and effective funding of new and refurbished schools, the Government have in the past 10 years announced a number of strategic funding programmes, managed at a national level, to modernise the school estate in England. These programmes include the [Academies](#) programme, [Building Schools for the Future](#) and most recently the [Primary Capital Programme](#). A recent election in the United Kingdom resulted in a new coalition government being elected to power in May 2010. The Conservative and Liberal Democrat coalition are introducing their own education policy which is likely to affect school capital funding.

History of Primary School Building Programmes in England

The current school building programme is not the first large scale investment in England's school estate. From 1870 the compulsory education of all children from 5 to 12 years old was introduced. As a result there was a significant shortfall in the number of school places available for these children. Thus government grants were made available for new school buildings in areas of deprivation with an under-provision of schools. Many of the primary schools built at this time are still in use today, despite significant changes in the school curriculum changing the needs in terms of space provision. Figures highlight that, by floor area, 20% of the current school estate in use in England was built before the Second World War.

Following World War II there was another large scale school building programme designed to meet needs in terms of provision. Increased numbers of primary school aged children, the result of a post-war baby boom, led to a shortage of space within the school estate. Furthermore, many of the schools built during the last large scale capital investment programme had fallen into disrepair and were no longer of an adequate standard to support the needs of schools. A government funded expansion of school environments was driven by the need to construct school environments quickly and cost-effectively. Consequently the [CLASP \(Consortium of Local Authorities Special](#)

[Programme](#)) approach became popular. Local Authorities worked together with suppliers and designers willing to experiment with new methods in the post-war years to create new buildings. Prefabrication and standardisation of building elements were key and funded by the collecting buying power of Local Authorities. Some researchers believe the building programme of the 1950s and early 1960s could not have been completed without the extensive use of CLASP systems and pre-fabrication. In terms of the current school estate, schools built between 1945 and 1976 make-up 50% of the floor area of schools still in use in England.

With the [Audit Commission](#) identifying that in the 1980s and 1990s the schools estate was largely neglected, there was no significant investment in new school buildings with very few new primary schools built in these years. Where new school buildings were provided they tended to be funded traditionally from the budgets of Local Authorities on an as need basis identified by the Local Authority. In 1992, [PFI or Private Finance Initiative](#) was introduced by the then Conservative Government to allow Local Authorities to access funding for projects such as schools and other public buildings through finance provided by private companies who effectively rent the building to the local authority for 25 years. Whilst popular for larger buildings such as hospitals and secondary schools, the size of primary schools often meant that funding through the PFI scheme was not cost-effective. Thus, primary schools built through PFI tended to be grouped together to ensure that value for money was obtained. Obviously this restricted the autonomy of individual schools, however it was seen as an attractive proposition by some local authorities who delivered a number of primary schools under a single PFI contract.

In 2000, the Government introduced Devolved Formula Capital which is an allocation of money given directly to the school to spend on health and safety measures, refurbishment, conversions, security, and investment in ICT equipment. The amount of money granted is determined using formula developed by central government which takes into account pupil numbers, including those with special educational needs who qualify for additional funding. Devolved Formula Capital allows schools greater autonomy over their capital spending, however it does not allow for a very strategic approach to asset management. Thus, there are economies of scale and greater buying power of a larger organisation such as a Local Authority which cannot be exploited to provide greater value for money. The introduction of strategic capital funding programmes has provided schools with the opportunity to obtain better value for money.

Current School Capital Investment Programmes in England

In 1997 a new Labour Government were elected to power and within their manifesto promised to focus upon education. A significant part of this pledge was the promise of additional capital funding for school buildings. Subsequently, a number of national school building programmes have been introduced including the Academies programme (launched in 2000), Building Schools for the Future (launched in 2004) and the Primary Capital Programme (launched in 2005). These school building programmes have in part been driven by the need to replace the school estate as well as provide environments to support learning and the delivery of education fit for the 21st century.

The Academies programme was announced in 2000 with the aspiration to raise achievement for pupils and wider communities where deprivation was a serious issue. A new Academy often means a new building being created and funding for this has predominantly come from a contribution of upto £2m from a sponsor (this requirement

has recently been deemed unnecessary), usually a private organisation with a particular interest in the local area or specialism of a school. Central government supply the remainder of the funding. Whilst the majority of Academies are secondary schools, at the time of writing there were 20 all-through Academies. These are schools for students from the age of 4 to 19 and are designed to reduce the negative impact upon attainment often recorded between the move from primary to secondary school. Following on from the Academies programme, the Government launched the Building Schools for the Future programme in February 2004. The focus of this programme was purely secondary schools. Anticipated benefits to capital funds for primary schools came indirectly through greater availability of devolved funds from central Government and access to new facilities provided within the secondary schools. At this time direct capital funding for Primary Schools, beyond Devolved Formula Capital, had to be sourced elsewhere, usually through other Government funding streams or from Local Authority funds.

The Primary Capital Programme was launched in England in 2005 and the first projects started in 2007. The programme was developed based upon the perceived success of Building Schools for the Future and to ensure that educational need was addressed at an early age. It was intended that lessons learnt would be fed into the Primary Capital Programme, such as involving more local authorities at the outset of the programme and dedicating more time to establishing a strong educational vision for the schools. All Local Authorities were given the opportunity to apply for Primary Capital Funding and those who qualified, around 90% of Local Authorities, were pledged funding to start the redevelopment of their primary schools in 2009, following the completion of some initial pathfinder projects. The aspiration is to re-develop over 1000 schools between the years of 2008 and 2011. Of these schools, 350 will be new or replacement schools and there will be around 850 refurbishments of primary schools around England.

In the first year of the Primary Capital Programme there were 23 pathfinder schools identified to be re-built with government grants. These projects were designed to test and demonstrate successful implementation of the Primary Capital Programme process and act as exemplars. A total of £150m was pledged by the Government to deliver these projects between 2008 and 2009. With the launch of the full programme an estimated £650m was shared amongst the Local Authorities who met the funding qualification criteria in 2009-2010. A further £1100m has been pledged in Government grants between the years of 2010-2011. A continual investment of £500m per year is expected to continue, depending upon the economic situation and availability of funds. The funding pledged by the Government for the Primary Capital Programme equates to around £7bn in total. This funding will be provided in the form of grants and it is not currently expected that PFI will be used to fund the schools as it does not offer value for money on smaller projects.

However, the Government grants are not enough to fulfil the aspirations of the Primary Capital Programme to redevelop over half of the Primary Schools in England. It has always been intended that Local Authorities apply for an estimated £1.8bn of funding from other sources to supplement the Primary Capital Programme grants. The additional funding is expected to come from other sources previously accessed to provide capital for the re-building of primary schools. These include investment from other central government departments and agencies such as the Department for Culture, Media and Sport who may provide additional funding for library, sports and art facilities; Local Government investment from budgets for capital spending; receipts from funding

released through the sale of land usually to private developers, etc; prudential borrowing; and contributions from the private sector. Additionally, Local Authorities are expected to make the most of the potential to link funding through the creation of Federations, which is the joining-up of schools, and the co-location of services such as healthcare provision on the same site as a Primary School so that additional funding from [Primary Healthcare Trusts](#) can be joined up with the funding for the primary school. Those schools who are not receiving grants from the Primary Capital Programme are expected to continue to receive devolved formula capital to maintain their existing environments.

In May 2010 a new coalition government formed of the Conservative Party and the Liberal Democrats was elected in the United Kingdom. Following the election changes to school capital funding have been introduced which may affect the way schools are funded in the future. Whilst the Primary Capital Programme has been maintained for the foreseeable future, the Building Schools for the Future programme has been axed. A panel has been set up to review capital spending in schools. At the time of writing they are still conducting their evaluation and have yet to report.

One of the major changes which may affect the way schools are funded is the introduction of “free schools” and the expansion of the Academies programme, both of which would include primary schools. Free schools are new schools which can be set up providing there is a demand for places in a local area or a demand for a particular type of curriculum which is not currently supported by the existing school provision. Funding of these school environments is not yet clear but schools are being encouraged to use money more efficiently with refurbishment rather than new build being considered where appropriate. This has led to suggestions that buildings with alternative uses such as churches, shops, etc could be converted into schools. The funding for these projects is likely to come directly from central government. To allow school environments to develop in this way, and be built more efficiently, existing planning regulations are being reviewed and local authorities are being encouraged to give planning priority to schools.

Case Studies of Primary School Funding in England

There are some good examples of schools in England which were re-built prior to the introduction of the Primary Capital Programme by accessing various sources of funding. These mixed funding models will continue to be adopted in some cases due to the limited funding available in the Primary Capital Programme.

The first example is Hudson Road Primary School in Sunderland in the North East of England. The area in which the school is located is very ethnically diverse with high levels of social and economic deprivation. As a result, the school was entitled to apply for funding from Government initiatives to support public services in deprived areas which included grants from two schemes called Modernisation Funding and the New Deal for Communities Fund. A significant contribution was also received from Northumbria Police who wanted to show their support for the school and invest in the development of children with a long-term aim of reducing crime levels. Bringing together the different forms of funding was not a simple task and the head teacher from the school stressed the importance of having a strong team working together to deliver the project. This team consisted of parents, teachers and governors from the school along with the New Deal for Communities education group, the architect and the local authority including Northumbria Police.

A second example is Riverhead Infant School in Sevenoaks, South East England. An old Victorian Building which was no longer fit for purpose and in poor condition was replaced by a new school building on another site. To fund the school, the land on which the old school was located, owned by the Local Authority, was sold for redevelopment to a commercial company. Additional funding was obtained from the New Deal for Communities fund and Modernisation Budget. The new school was located on another area of land already owned by the Local Authority.

A third example of primary schools acquiring money from different sources to fund a new school building is the sale of space or accommodation above the school. This model was first tested at St Jude and St Paul's Church of England Primary School in Islington whereby the new school building was part-funded by the building of three storeys of flats above the school which were pre-sold to a housing association. This provided funding to develop the entire building including the school. However, part of the funding for this school still came from the Local Authority and Diocese. St Thomas's Church of England Primary School in Kensington was completely self-funded by taking the model of St Jude and St Paul's School further. As an affluent area with relatively high priced accommodation, land in Kensington is prime land for redevelopment. Therefore providing space above the primary school accommodation on the ground floor was able to provide enough funding to pay for the new school which opened in 2009.

Further Policy Considerations

In addition to improving the delivery of education and provision of new or refurbished schools to facilitate this, other government initiatives have helped primary schools obtain funding for the redevelopment of their environment. For example the [Extended Schools](#) initiative requires that all state-run schools become a hub of their local community by providing both services and facilities for learning and recreational activities outside of core hours. There is money available to allow a school to develop their facilities to support Extended Schools, for example in 2009-2010 the government pledged £89m to primary schools which will be distributed through Local Authorities. Another example of additional funding being available is through support of policy relating to sustainability issues. The Government's ambition to create carbon neutral schools has led to the provision of different funds from both the public and private sector to ensure that targets are met and to demonstrate an interest from private sector in having a positive impact upon the environment. For example the Royal Bank of Scotland have pledged £6m for the development of school grounds through their [Supergrounds](#) community programme managed by [Learning Through Landscapes](#) to support the sustainability agenda.

Conclusions

The history of Primary School capital funding demonstrates the different ways in which new primary school buildings have been paid for in England. Slightly different approaches have been taken in Scotland and Wales as they are currently developing their own capital funding programmes. As can be seen, a centrally controlled funding system has been generally preferred, be that from a local authority or central government lead. In theory, this allows for a rational approach to the whole school estate in one area to be taken, and the best value for money to be achieved for all schools in a local authority. However, this approach has been ineffective to some extent as there is

not enough funding available from central government to fully meet the needs of all schools. Thus, the most recent approach has been to get private companies heavily involved whilst central government strategically manage the process. In addition to private funding, schools and local authorities have been required to obtain funding to create and redevelop effective school environments using innovative approaches such as sales of land or air space. This mixed funding model in England is likely to continue as funding for schools is affected by the current global economic situation. However, the political situation will also have an impact as schools are being encouraged to become more independent. Greater freedoms from local authority control gives individual schools the opportunity to determine how their own capital funds are spent. This is likely to have a significant impact upon how school environments are funded going forward.

About the BCSE

The British Council for School Environments (BCSE) is the UK's leading charity and membership organisation in education, design and construction. The BCSE, as an independent body, acts as a forum for exchange, dialogue and advocacy for anyone interested in learning environments. We offer insight and new thinking about schools and learning environment design and construction. Our reach is substantial; from educators to policy makers, users to designers, managers to constructors, voluntary to multinationals, councillors to national politicians, pupils to professors.

Glossary

Secondary School - Government controlled school for students from the age of 11 to 16 years old.

Primary School – Government controlled school for students from the age of 4 to 11 years old.

Local Government/Local Authority – Regional Councils who have responsibility for specified Governments services within a defined geographical area

Capital Expenditure – spending on provision of property or equipment, but not maintenance.

Devolved Formula Capital – is a funding allocation paid by central government to Local Authorities. This funding is then allocated direct to each school on a formula basis, calculated based on the number of pupils at that school. It is to be used for capital expenditure and modification of facilities where necessary.

New Deal for Communities - a central Government funding programme designed to kick-start regeneration in the poorest areas, by empowering communities to address inequalities and social exclusion in their local areas.

Targeted Capital Funding – a central government funding programme designed to raise standards by supporting choice and diversity of provision. Thus, many voluntary aided or maintained schools can apply for large capital grants through this funding stream for new facilities.

Academies - Academies are all-ability, state-funded schools established and managed by sponsors from a wide range of backgrounds, including high performing schools and colleges, universities, individual philanthropists, businesses, the voluntary sector, and the faith communities. They are independent of the Local Authority but set-up with their backing and the Local Authority have some say in the governance of the school.

Building Schools for the Future (BSF) - BSF brings together investment in buildings and in ICT to support the Government's educational reform agenda. The Government is committed to devolve significant funds to local authorities and schools to spend on maintaining and improving their school buildings. But it also wants to promote a step-change in the quality of provision. Around £45 billion was pledged at the outset of BSF to re-build or renew nearly every secondary schools in England by 2020.

Primary Capital Programme – A £1.9 billion programme which commits to renewing at least half of all primary school buildings by 2022-23. Local authorities are expected to join the primary capital funding with other capital funding streams. The aim is to create primary schools that are equipped for 21st-century teaching and learning.

CLASP (Consortium of Local Authorities Special Programme) – Founded in 1957 it was a collaboration between client organisations (usually the Local Authority), designers and the supply chain which led to the development of a systematic approach to building using a high proportion of prefabricated elements to allow quick and efficient construction of schools. It has since been used on a range of other buildings and is currently operated as Scape.

Audit Commission - An independent organisation responsible for the efficiency and effectiveness in local public services as auditors of all public spending.

PFI or Private Finance Initiative - A contract between a public sector organisation(s) and private sector organisation(s) to provide services on a long-term basis, typically 25-30 years, so as to take advantage of private sector infrastructure delivery and service management. The private sector takes on the responsibility for providing a public service against an agreed specification of required outputs prepared by the public sector. The private sector carries the responsibility and risks for designing, financing, enhancing or constructing, maintaining and operating the infrastructure assets to deliver the public service in accordance with the public sector's output specification. The public sector typically pays for the project through a series of performance or throughput related payments, which cover service delivery and return on investment. Central Government may provide payment support to the public sector through grants and other financial mechanisms.

Primary Healthcare Trusts – similar to the Local Authorities but for the provision of healthcare. They are the organisations who have responsibility for the funding of healthcare and provisions in a specific local geographical area.

Housing Association – independent, not-for-profit organisations who provide social, government funded housing for people in need.

Diocese - The district or churches in a specified geographical area under the jurisdiction of a bishop

Extended Schools – The Government's vision for all schools to provide a range of services and activities outside of the traditional school day to help meet the needs of children, young people and the wider community

Supergrounds - Supergrounds for primary schools is a £6m, six-year community programme that allows RBS Group employees to nominate their local school for a financial award to redevelop their school grounds.

Learning Through Landscapes - Learning through Landscapes is a charitable organisation which helps schools and early years settings make the most of their outdoor spaces for play and learning.