



National Audit Office



REPORT

# Responding to changing demand for school places

Department for Education

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## Key information

### The demand for primary school places is falling nationally, but there is local variation



Between 2018/19 and 2024/25 national demand for primary school places fell 3%.



In 2024/25, the percentage of unfilled primary school places rose to 14%, compared with 10% in 2018/19.



66% of local authorities forecasting overall falling primary school pupil numbers expect to see numbers increase in one or more of the smaller areas for which they gather data.



The Department for Education (DfE) expects local authorities to use birth rates, migration, and housing developments data to forecast demand for school places.

### Falling pupil numbers can create financial risks for schools



We estimate that with 56,300 fewer primary school pupils in 2027, schools would receive £288 million less funding.

This figure helps show how the sector and DfE may need to respond, and does not reflect wider funding decisions that will impact a school's financial position.



In 2025, 51% of all local-authority-maintained schools reported an in-year deficit. A comparable figure for academy trusts is unavailable.

For the same year, 82% of all local-authority-maintained schools had surplus revenue reserves. 95% of academy trusts had surplus revenue reserves.

### The sector can respond to falling pupil numbers in various ways



Local authorities do not have an explicit statutory duty to manage unfilled places. DfE sets out some expectations in guidance.



92% of local authorities who responded to our survey would downsize schools to manage falling pupil numbers.

# Summary

- 1** In England, there are approximately 20,200 state-funded mainstream schools, with academies making up 52% of these. The Department for Education (DfE) is responsible for overseeing the school system and has ultimate accountability for ensuring value for money from the £71 billion (2025-26) it provides schools. The school system is managed locally, with DfE providing local authorities, trusts and schools (the sector) with guidance and support to help their decision-making.
- 2** After over a decade of many schools creating more school places, a decreasing birthrate means that national demand for primary school places is now falling. Demand is set to fall from 2026 for secondary schools. Local authorities have a statutory duty to ensure that every child in their local area has a school place. It is unclear how, or if, this duty relates to unfilled places. Local authorities, schools and trusts, and not DfE, make place planning decisions locally, with DfE expecting schools to work with others in their area.
- 3** Since schools receive most of their funding based on pupil numbers, unfilled places create financial risks. A small fall in pupils may not be enough to reduce the number of classes, and therefore teacher costs, in a school. Some unfilled places may be appropriate to, for example, offer parental choice. To secure value for money, and maximise funding spent on educational outcomes, local authorities need to assess the places needed now and in the future. They then need to work with schools and trusts to consider the potential savings from releasing surplus places against any costs to recreate them. In February 2026, DfE published its 10-year estates strategy which recognises that the school estate needs to flex in response to changing need.<sup>1</sup>

<sup>1</sup> Department for Education, *Education Estates Strategy: A decade of national renewal*, CP 1501, February 2026.

## Focus of our report

**4** This report examines DfE's approach to supporting the school system in England respond to falling pupil numbers, seen in primary schools since 2018/19. The report:

- describes responsibilities, how pupil numbers have changed and what this means for school finances and outcomes for children (Part One);
- assesses whether DfE has a good understanding of the changes in pupil numbers and provision of school places (Part Two); and
- evaluates the effectiveness of DfE's overarching response to changes in national demand for school places, through its sector support and oversight (Part Three).

**5** Appendix One outlines our approach. We focus on mainstream state-funded schools, and particularly primary schools, as they have been most affected by falling pupil numbers to date. Our report does not cover early years, special schools, alternative provision and further education, or examine schools' admissions policies.

## Key findings

### Challenge and impact of falling pupil numbers

**6** **Between 2018/19 and 2024/25, national demand for primary school places fell by 3%, leading to more unfilled places, with DfE projecting a further fall.** This follows a longer-term trend of fluctuating pupil numbers. In 2024/25, 14% of all primary school places were unfilled compared with 10% in 2018/19. Looking ahead, DfE's national projections from 2025 to 2030 show a further 7% fall in primary school pupil numbers. DfE projects that demand for places in secondary schools will start falling consistently from 2026 (paragraphs 1.5 to 1.7, 1.9 and Figures 2, 3 and 4).

**7** **Local variation in pupil forecasts means that some local authorities will need to increase and decrease school places in different locations within their area.** Despite the national trend of falling numbers, 16% of local authorities saw increases in primary school pupil numbers between 2018/19 and 2024/25. In addition, local authorities will need to consider varying trends within their area. In some instances, they may need to create additional capacity in one or more areas, despite having unfilled places elsewhere in the local authority. In its 2026 estates strategy, DfE commits to creating the school places needed. Of local authorities forecasting falling primary school pupil numbers, 66% expect to see numbers increase in one or more of the smaller areas for which they gather data (paragraphs 1.6 to 1.8).

**8 As part of DfE's earlier response to increasing pupil numbers, the free schools programme may have created more school places than were needed.**

In 2017, we reported that a growing demand for school places had been met. Between 2009/10 and 2024/25, primary and secondary pupil numbers increased by 844,000 (12%). DfE and the sector created 1.3 million school places. Alongside grants targeted at areas needing to create places, DfE significantly increased capital funding through the Free Schools Programme. DfE introduced free schools in 2010 to increase parental choice, create competition and raise standards. In 2017, we reported that free schools were providing spare capacity, with DfE estimating that 51% of new places in free schools opening between 2015 and 2021 would not be needed locally. Between January 2010 and July 2025, 625 free schools opened, with 51 of these closing during this period. It is unclear whether a school closes because of, for example, unfilled spaces, financial viability or educational quality. In March 2026, DfE confirmed it would be cancelling 12 planned free schools and was "minded to cancel" 13, while a further 19 would continue to go ahead (paragraphs 1.10 to 1.13).

**9 Most school funding aligns to pupil numbers, so falling numbers create financial risks, which some schools are better placed to manage.** With around 90% of school funding based on pupil numbers, falling pupil numbers will affect schools' finances. Wider funding decisions will also impact a school's overall financial position. Whilst total school funding may not necessarily reduce, we estimate that with a projected 56,300 fewer primary school pupils in 2027, schools could receive £288 million less in per-pupil funding.<sup>2</sup> How this impacts a school's finances will vary depending on, for example, its ability to reduce its costs or whether it has reserves to offset temporary funding losses. In 2024-25, 51% of all local-authority-maintained schools reported an in-year deficit, and 82% had surplus revenue reserves. DfE provides tools to help schools understand, plan and benchmark their financial position (paragraphs 1.14 to 1.18, and Figure 6).

**10 In supporting the sector, DfE has not assessed the impact of falling pupil numbers on educational quality.** On average, lower-performing schools have a higher proportion of unfilled places. If these schools then close, or reduce in size, this could lead to more children being educated in schools assessed as higher-quality. However, in the short term, these schools may experience financial challenges from falling pupil numbers which, if unmanaged, could affect educational quality. Certain groups could be disproportionately affected as, for example, disadvantaged children are more likely to attend a lower-performing school. DfE recognises a correlation between school occupancy and educational quality but has not carried out any research or assessment of the possible impacts (paragraphs 1.19 to 1.21).

<sup>2</sup> Estimates provided for illustrative purposes. They are based on DfE's 2025 pupil projections and 2026-27 minimum per-pupil funding rates.

## DfE's understanding of the challenge

**11 DfE has reflected on the inherent uncertainties with national pupil projections but has not fully considered how it could support the sector to respond to different scenarios.** In its February 2026 estates strategy, DfE set out that the estate needs to be resilient to future demographic changes while re-using surplus space. DfE and stakeholders are uncertain how pupil numbers may change in the longer term. Having previously published 10-year pupil projections, DfE now publishes five-year projections following increased uncertainty in migration assumptions. Although DfE has considered various scenarios, it has not fully considered how it could support the sector to respond to them and whether it needs to provide additional support to manage uncertainty (paragraphs 2.2 to 2.4 and 3.13).

**12 DfE could make better use of the information it collects from local authorities to help identify good practice or target support.** Since 2009/10, DfE has collected local authority data on the capacity of schools and their pupil forecasts. This includes narrative comments from local authorities that describe how they plan to manage unfilled places or the additional places needed. Our review found DfE's data assurance processes to be largely proportionate but with some weaknesses, including a lack of detailed sensitivity analysis. DfE assumes the sector will respond to falling pupil numbers, given their responsibilities for school place planning, but does not currently use school capacity or other data sources to monitor how schools respond or understand the extent of value for money risks. This limits its opportunities to identify good practice and prioritise support across the sector (paragraphs 2.5 to 2.9, 3.9 and 3.10).

**13 Despite primary school pupil numbers falling for several years, there is no clear approach to help the sector to decide when to respond.** DfE has focused on ensuring that local authorities meet their statutory duty to provide enough school places. However, despite primary pupil numbers falling since 2018/19, it is unclear how this duty applies to unfilled places. DfE has not clearly communicated expectations to the sector and does not yet have a clearly defined approach for helping the sector understand the places it needs. Of the 76 local authorities who responded to our survey, 66% described a lack of visibility over government policies impacting school places, such as housing and migration, as one of their main challenges and, almost a third were unhappy with DfE's support and guidance on managing school places. It is unclear how DfE's regional pupil-place planning advisers, who support the sector to provide enough places, cover unfilled places (paragraphs 1.4, 2.9 to 2.11, 3.4 and 3.9 to 3.13, and Figure 7).

## How DfE and local areas are responding

### **14 In helping the sector decide what to do with unneeded places, DfE has started to develop a framework which recognises longer term value for money.**

What the sector does with unneeded spaces will depend on the available choices and motivations, such as whether local authorities own school sites. Responses vary in their difficulty, and there is limited evidence on how some, such as combining year groups within classes, impact outcomes for children. DfE has not provided insights from previous sector or international experiences to help the sector decide its response. In its 2026 estates strategy, DfE recognises that the school estate must remain flexible to changing local demand, and sets out how it will consider opportunities for re-using spare space alongside long-term risks (paragraphs 3.2 to 3.14 and Figures 8, 9 and 10).

### **15 To help the sector respond to falling pupil numbers, DfE has provided some funding and taken limited steps to make the most of emerging opportunities.**

From 2019-20, DfE introduced funding for some schools which are expecting pupil numbers to temporarily fall (allocating £141,890 per eligible area within a local authority for 2025-26). It has also considered how its wider policies can help use available space. For example, as part of its expansion of early years childcare, it announced a £400 million investment between 2025-26 and 2029-30 for schools to create or expand nurseries. DfE recognises it can do more to support the sector to make better use of space in the short term through working with wider government, including potentially using space for wider community purposes. DfE has set out an ambition that more pupils with special educational needs will be educated within inclusive mainstream schools, although how this may influence the number of places needed remains unclear. Also, DfE will need to consider school places when thinking about the condition and efficiency of school buildings (paragraphs 3.1 to 3.17).

**16 DfE expects local authorities, trusts and schools to work together, but there may be challenges to achieving collaboration.** There is currently no duty on the sector to work together. Of the 76 local authorities responding to our survey, 88% reported that their statutory powers are one of their main challenges in managing school places. Local authorities cannot direct academies to reduce pupil numbers. In addition, 28% of local authorities told us they do not have a formal plan for managing school places. This may make it harder for schools and trusts to plan and cooperate. Parliament is currently considering legislation, sponsored by DfE, which seeks to place a duty on all schools to cooperate with local authorities on planning for school places. It also includes a power for the schools adjudicator to set a school's published admission numbers where it agrees with an objection (paragraphs 3.18 to 3.23 and Figure 7).

## **Conclusion**

**17** Nationally, demand for primary school places fell by 3% between 2018/19 and 2024/25, with DfE projecting a further 7% fall from 2025 to 2030. The proportion of unfilled primary school places increased, from 10% in 2018/19 to 14% in 2024/25. Although not all local areas are seeing similar trends, falling pupil numbers have significant implications for the value for money of the school system, requiring the sector to take targeted action that aligns school capacity and costs to demand. DfE's approach, support and funding for school places has focused on schools having enough spaces, in line with local authorities' statutory duty. However, it has not taken timely action to set out how it will support the sector to respond to falling pupil numbers. As part of its recent estates strategy, DfE has begun to respond, focusing on setting out how unneeded space could best be used. This should be followed by further action, as set out in our recommendations, to protect value for money and the funding available to support educational outcomes.

## **Recommendations**

**18** For DfE to meet its responsibilities for national oversight of the school system, we set out the following recommendations.

### **On oversight, DfE should:**

- a** build on its 2026 estates strategy to support the sector in determining how many places may not be needed and how it can be resilient for future changes;
- b** make better use of information provided by local authorities by using their narrative comments describing how they plan to manage unfilled and additional places needed, reviewing data on unfilled places, and setting a framework for deciding where it should be providing more support; and
- c** consider the potential wider impact that falling pupil numbers may have on educational quality and outcomes for children, including those from a disadvantaged background.

### **On supporting the sector, DfE should:**

- d** in developing its framework to help local decision-making, build its evidence base for which approaches work most effectively, drawing on learning from across local authorities and previous experiences; and
- e** establish clear processes and opportunities to identify and disseminate good practice across the sector.

**On bringing together the system, DfE should:**

**f** work across government to ensure any wider initiatives consider the impact on school places and, alongside encouraging local collaboration, work with the government to support the sector to make best use of spare space arising from falling pupil numbers.

**19** Local authorities play a critical role in the system. To fulfil their role, they may want to consider:

- how they develop their school-place planning approach and share this with trusts, schools and neighbouring local authorities; and
- the quality and robustness of their data and forecasts, including how they consider uncertainty and the degree of flexibility they need in the system.