National Audit Office

REPORT

Responding to changing demand for school places

Department for Education

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National Audit Office

Responding to changing demand for school places

Department for Education

Report by the Comptroller and Auditor General

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Gareth Davies
Comptroller and Auditor General
National Audit Office

15 April 2026

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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.

Throughout this report, central government financial years are written as, for example '2024-25' and run from 1 April to 31 March; school academic years are written '2024/25' and run from 1 September to 31 August.

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.[1]

1 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.[2] 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).

2 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.

Part One

The demand for school places and its impact

1.1 After over a decade of pupil numbers rising, demand for primary school places has been falling which creates financial risks. This part of the report describes roles and responsibilities in relation to school places in England, how pupil numbers and capacity have changed, and the impact of these changes on school finances and outcomes.

Roles and responsibilities

1.2 In 2024/25, there were approximately 20,200 state-funded mainstream schools, with academies making up 52% of those. Academies, which include free schools, are run by trusts outside of local authority control. The proportion of academies has grown from 26% (approximately 5,200) in 2015/16. The remaining schools are maintained by local authorities.

1.3 The Department for Education (DfE) is responsible for the school system in England (**Figure 1**). It has ultimate accountability for ensuring value for money from the funding it allocates to schools. In fulfilling this responsibility, DfE sets the policy framework within which local authorities, trusts and schools (the sector) operate, and provides them with support and guidance. The sector manages the school system locally. It decides how to allocate funding, and the number of school places that are needed.

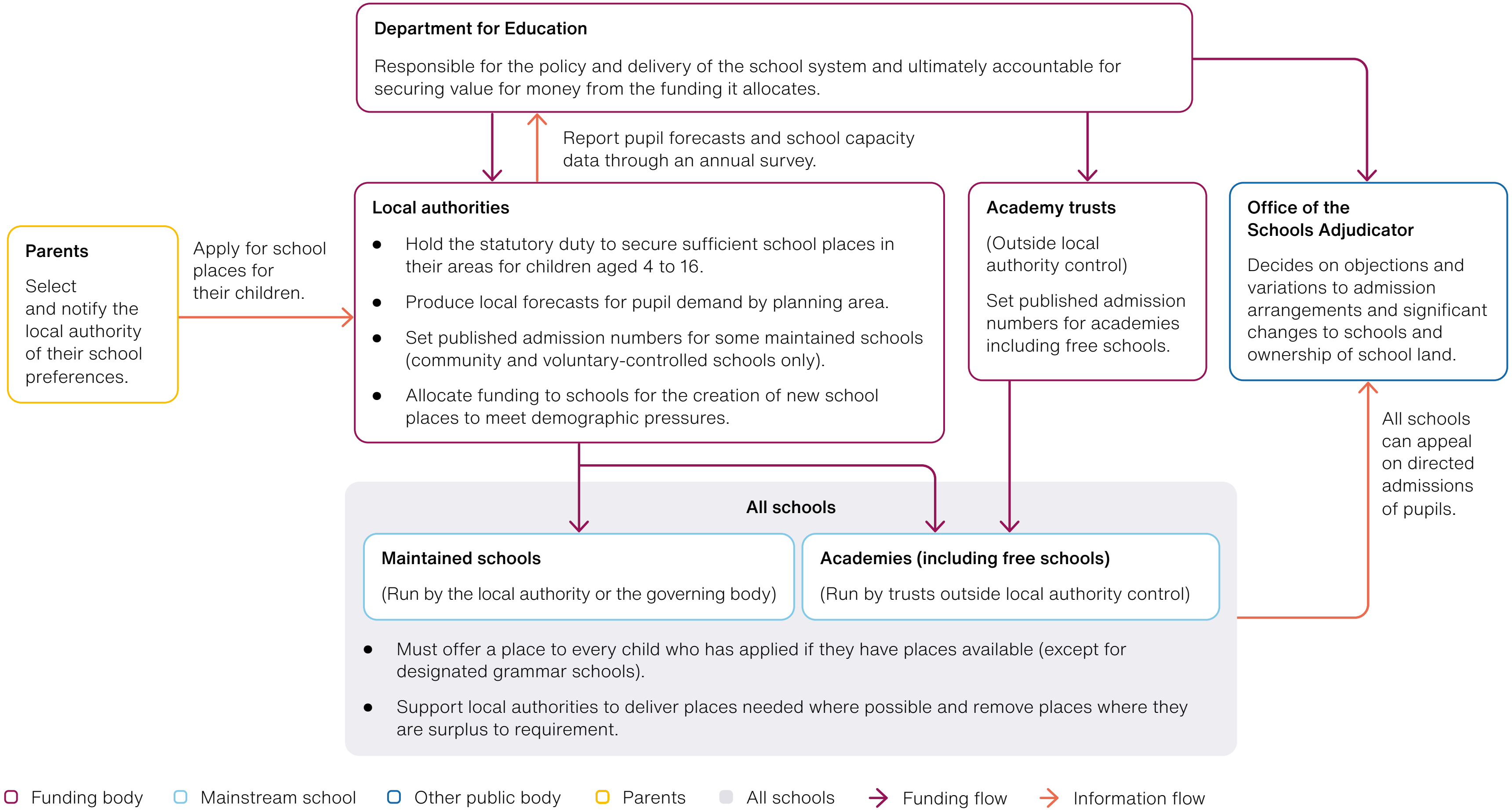
1.4 Local authorities have a statutory duty, introduced in 1944, to ensure there are enough school places for children in their area. Local authorities do not have an explicit duty around unfilled places and it is unclear how or if their existing statutory duty applies. DfE's guidance sets out some expectations, although these are not clearly signposted for the sector. Its guidance, directed at those considering significant changes to academies, describes an expectation for spare capacity to be reduced or re-purposed where it is no longer required.[3] It also describes an expectation that local authorities, trusts and local partners will collaborate on place planning and balance the provision of school places with local need. This framework is not set out in other guidance directed at the sector more widely. It is unclear how DfE systematically monitors, or responds to, compliance with its guidance.

3 Department for Education, *Making significant changes to an academy: Non-statutory guidance on collaborative school place planning and making organisational changes to academies*, February 2026.

Figure 1

Roles and responsibilities in planning for mainstream school places in England, as at April 2026

While the Department for Education (DfE) is responsible for the school system and ultimately accountable for value for money, local authorities hold the statutory duty to secure all children in their area a school place



Notes

1 Local-authority-maintained schools comprise of community schools, foundation schools, voluntary-aided schools and voluntary-controlled schools.

2 Within maintained schools, community and voluntary-controlled schools have their published admission numbers set by the local authority, unless delegated to the school governing body.

3 DfE expects local authorities, academy trusts, and schools to work collaboratively on place planning.

4 Planning areas are groups of schools that offer reasonable alternatives for local pupils to attend.

Source: National Audit Office review of Department for Education documents

Changes in pupil numbers

1.5 Historically, pupil numbers have fluctuated, with peaks and troughs over the last 75 years. In England, pupil numbers fell significantly in the 1970s and 1980s, after which they increased during the 1990s, falling again in the early 2000s. For primary schools alone, pupil numbers last increased during the 2010s before then falling from 2019 (**Figure 2** on pages 16 and 17). Based on DfE's national projections, secondary school pupil numbers are expected to consistently fall from 2026.

1.6 Nationally, primary school numbers fell by 3% between 2018/19 and 2024/25. Despite this national trend, there have been local variations. Most local authorities (84%) saw a decline in primary school pupil numbers between 2018/19 and 2024/25, with Westminster and Lambeth seeing the highest falls. However, 16% of local authorities saw an increase in primary school pupil numbers (**Figure 3** on page 18).

1.7 Looking ahead, DfE projects that nationally, primary school pupil numbers will continue to fall by 7% between 2025 and 2030 (Figure 2). Although more local authorities now expect a decline, there remains local variation (**Figure 4** on page 19). A total of 136 (89%) local authorities forecast a decline between 2024/25 and 2029/30. Of those forecasting a decline, 85% had already experienced falling pupil numbers between 2018/19 and 2024/25. One of our local authority case studies described housing developments, local birth rates and migration patterns impacting pupil numbers.

1.8 Local authorities forecast pupil demand across more localised areas, looking at groups of schools ('planning areas') that offer reasonable alternatives for local pupils to attend. In 2025, 28% of planning areas forecast an increase in pupil numbers between 2024/25 and 2029/30, and 66% of local authorities forecasting falling primary school pupil numbers expect to see numbers increase in one or more of their local planning areas. For example, Lincolnshire County Council forecasts a 3% overall decline in primary school pupil numbers between 2024/25 and 2029/30. Across its 72 planning areas, it forecasts a fall in primary school pupil numbers for 56% of schools and an increase for 44%. Local authorities will need to consider varying trends within their area. Where existing capacity is insufficient, local authorities may create capacity, despite having unfilled places elsewhere in the local authority. In its 2026 estates strategy, DfE commits to creating school places where they are needed.

1.9 DfE recognises that in some areas, schools are retaining or increasing school places beyond what is needed. For example, while schools have reduced their available reception places, this has been at a slower pace than the fall in pupil numbers (**Figure 5** on page 20). Nationally, following the fall in primary school pupil numbers, the proportion of unfilled places has been increasing. In 2024/25, 14% of primary school places were unfilled compared to 10% in 2018/19. Unfilled places ranged between 9% and 11% from 2009/10 to 2018/19, after which they increased each year. The percentage of unfilled places varies by school. In 2024/25, 15% of primary schools had between 5% and 10% of places unfilled, compared with 37% having 15% unfilled or more. Parental choice will also have an impact, leaving some schools underfilled while others remain full.

Change in schools' capacity

1.10 Between 2009/10 and 2024/25, the number of primary and secondary school pupils increased by 844,000 (12%) to a peak of 8 million in 2023/24. Over this period, DfE and the sector created a net increase of 1.3 million school places. Our 2017 report assessed that DfE and local authorities had met the growing demand.[4] DfE significantly increased capital funding through the Free Schools Programme and grant funding targeted at areas needing to create places.

1.11 In 2010, DfE introduced free schools with the aim of improving educational quality through increasing parental choice and competition between schools for pupils.[5] DfE managed the construction programme, which also helped to address rising pupil numbers at the time. In 2017 we reported that, when free schools were first rolled out, DfE considered the demographic need for school places but could still approve schools if there were poor local education standards or to increase parental choice. This meant schools could be opened in areas with enough school places but where there were concerns over quality. Since 2019, DfE has tightened its focus on creating free schools to address demographic need by asking applicants to demonstrate both a need for places and improved quality.

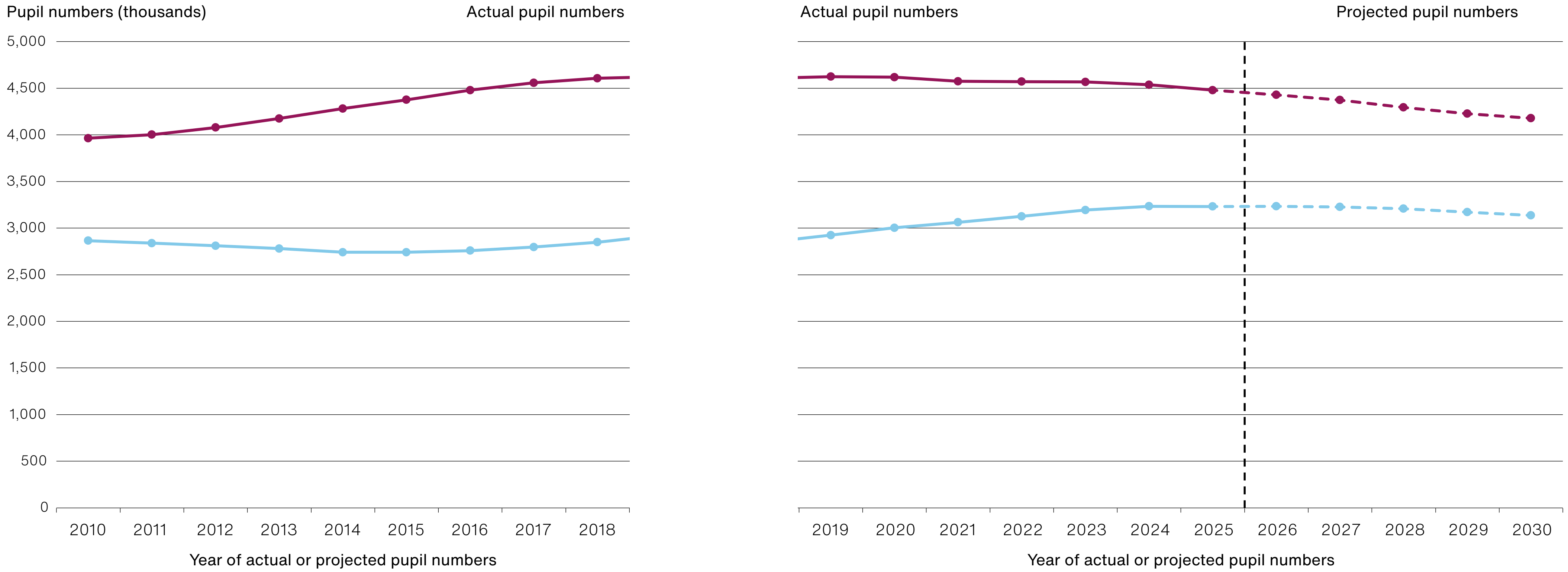
4 Comptroller and Auditor General, *Capital funding for schools*, Session 2016-17, HC 1014, National Audit Office, February 2017.

5 Free schools can be set up by groups like charities, teachers or businesses and are directly funded by DfE. They are not maintained by local authorities.

Figure 2

Actual and projected mainstream primary and secondary school pupil numbers in England, 2010 to 2030

The Department for Education projects primary school pupil numbers will fall further by 2030, while secondary school pupil numbers are projected to consistently fall from 2026



	2010	2011	2012	2013	2014	2015	2016	2017	2018
● Primary school pupil numbers	3,964	4,002	4,079	4,175	4,282	4,376	4,479	4,558	4,607
Percentage change in primary school pupil numbers since previous reporting year		1.0	1.9	2.3	2.6	2.2	2.4	1.8	1.1
● Secondary school pupil numbers	2,865	2,839	2,811	2,780	2,741	2,740	2,758	2,797	2,849
Percentage change in secondary school pupil numbers since previous reporting year		-0.9	-1.0	-1.1	-1.4	-0.0	0.6	1.4	1.9
Pupil numbers in all schools	6,829	6,841	6,890	6,955	7,023	7,117	7,237	7,355	7,456
Percentage change in pupil numbers in all schools since previous reporting year		0.2	0.7	0.9	1.0	1.3	1.7	1.6	1.4

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
● Primary school pupil numbers	4,624	4,619	4,575	4,571	4,567	4,538	4,479	4,430	4,373	4,293	4,228	4,179
Percentage change in primary school pupil numbers since previous reporting year	0.4	-0.1	-1.0	-0.1	-0.1	-0.7	-1.3	-1.1	-1.3	-1.8	-1.5	-1.1
● Secondary school pupil numbers	2,924	3,003	3,062	3,126	3,193	3,234	3,232	3,233	3,226	3,208	3,172	3,135
Percentage change in secondary school pupil numbers since previous reporting year	2.6	2.7	2.0	2.1	2.2	1.3	-0.1	0.0	-0.2	-0.6	-1.1	-1.2
Pupil numbers in all schools	7,548	7,622	7,637	7,697	7,761	7,772	7,711	7,662	7,599	7,501	7,400	7,314
Percentage change in pupil numbers in all schools since previous reporting year	1.2	1.0	0.2	0.8	0.8	0.1	-0.8	-0.6	-0.8	-1.3	-1.4	-1.2

Notes

1 Actual pupil numbers reflect data as at January of each year.

2 'Pupil numbers in all schools' represents the sum of primary and secondary schools' data.

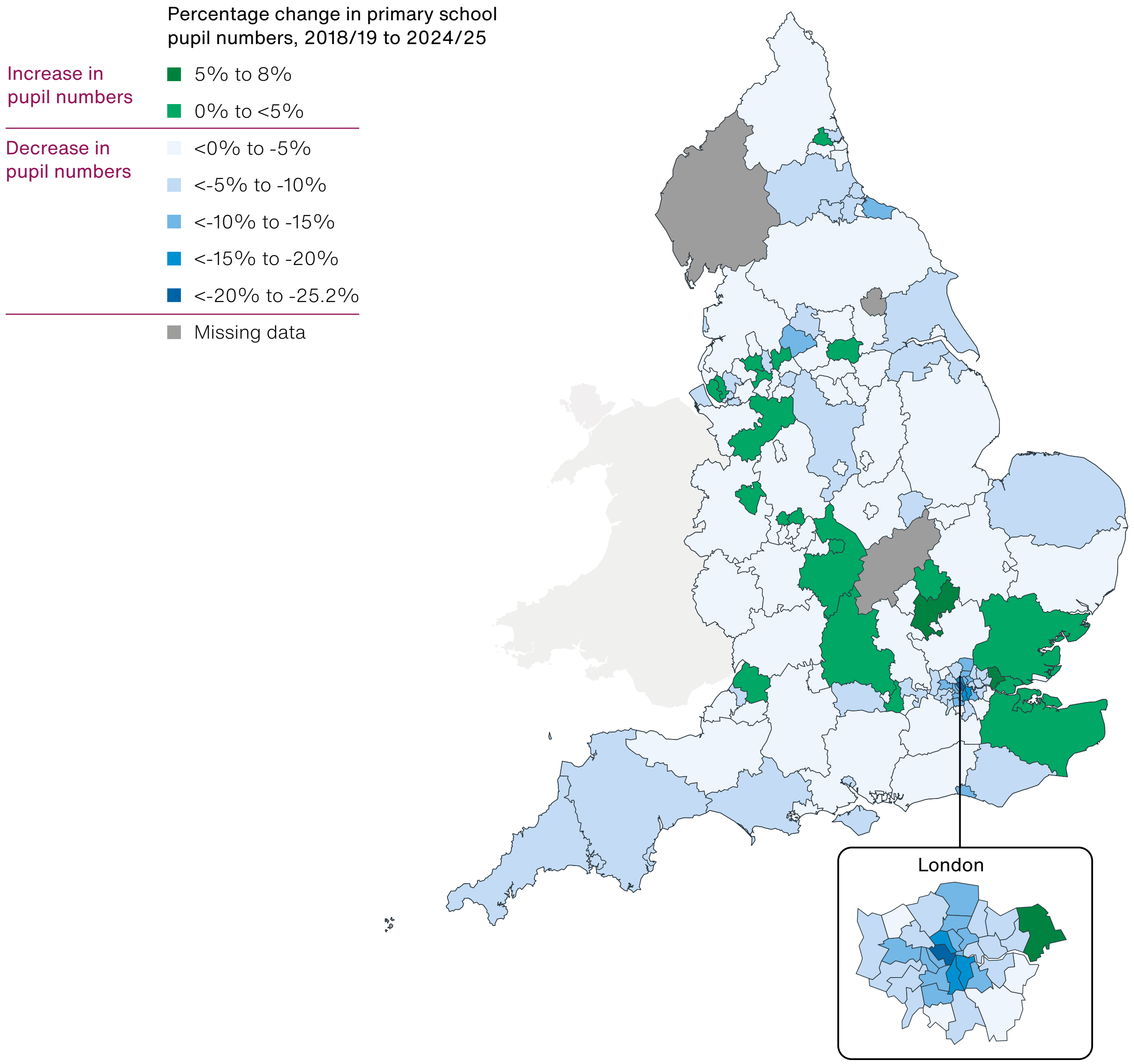
3 Totals may not sum due to rounding.

Source: National Audit Office analysis of Department for Education national pupil projections data

Figure 3

Percentage change in primary school pupil numbers by local authority in England, 2018/19 to 2024/25

Pupil numbers fell for 124 local authorities in England, with Westminster facing the largest decline in pupil numbers



Notes

1 Due to changes in boundaries since 2018/19, some local authorities are missing data.

2 This figure displays data at a county and unitary authority level. The Department for Education collects more localised data, which shows further variation in pupil numbers within local authorities.

3 In each data series label, such as, '0% to <5%', this refers to an increase in primary school pupil numbers of more than 0% and less than 5%.

Source: National Audit Office analysis of Department for Education school capacity data. Office for National Statistics licensed under the Open Government Licence v.3.0. Contains OS data @ Crown copyright and database right 2026

Figure 4

Forecast percentage change in primary school pupil numbers, as reported in 2025, by local authority in England, 2024/25 to 2029/30

Most (136) local authorities in England forecast a fall in pupil numbers, while 17 local authorities forecast an increase in pupil numbers

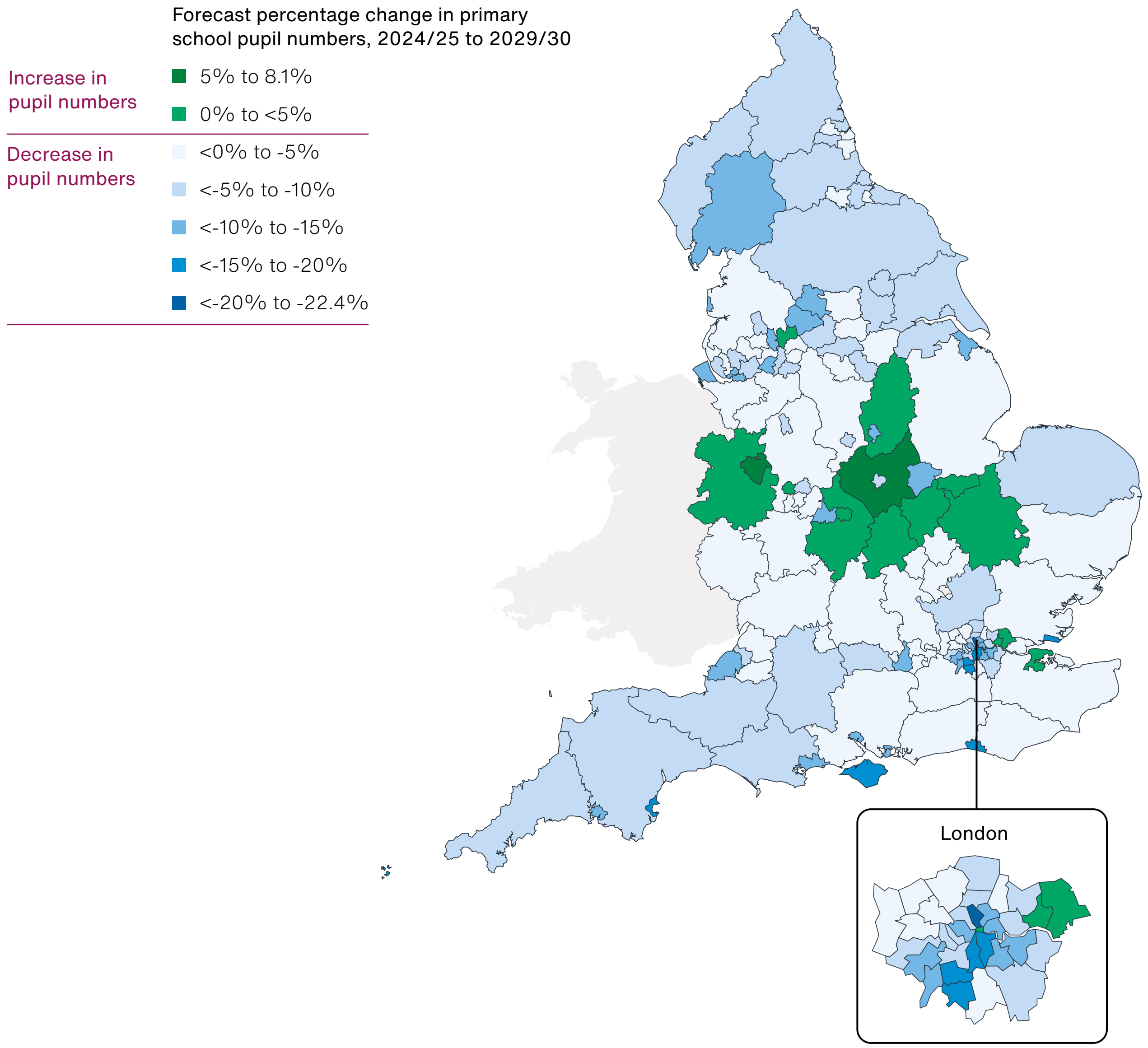


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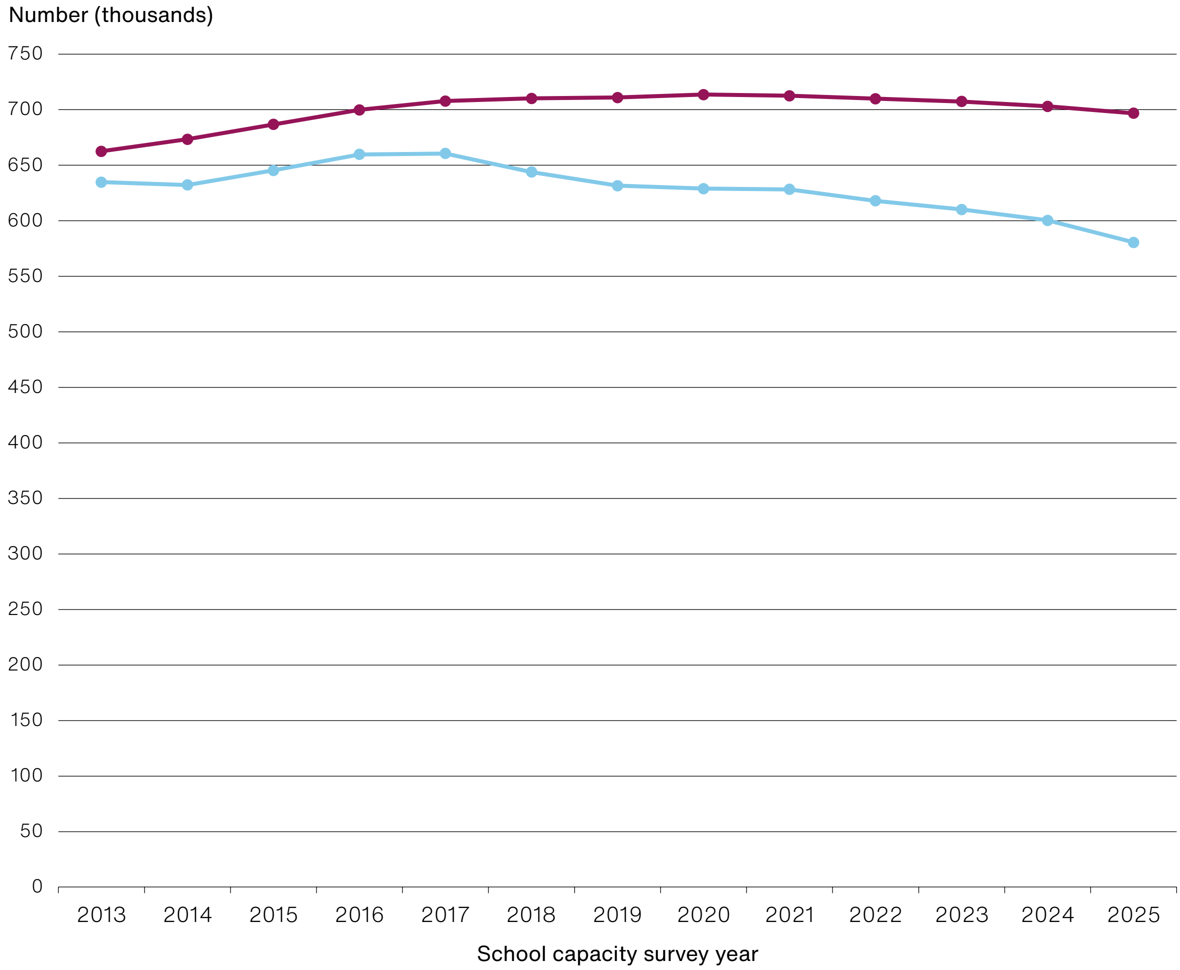
Figure 5

Number of places and pupils in reception year in England, 2013 to 2025

Although the number of reception year school places declined between 2017 and 2025 (–2%), the number of pupils in reception fell at a faster rate (–12%)



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Number of places in reception year	662.5	673.4	686.7	699.8	707.7	710.2	711.0	713.6	712.5	710.0	707.5	703.1	696.9
Number of pupils in reception year	634.8	632.2	645.4	659.8	660.5	643.9	631.5	629.0	628.2	618.0	610.2	600.4	580.5
Percentage change in places since 2013		1.6	3.7	5.6	6.8	7.2	7.3	7.7	7.6	7.2	6.8	6.1	5.2
Percentage change in pupils since 2013		-0.4	1.7	3.9	4.1	1.4	-0.5	-0.9	-1.0	-2.7	-3.9	-5.4	-8.6

Notes

1 School capacity survey data are collected by the Department for Education and recorded annually on 1 May of each year.

2 Reception is the first year of school in England, for children typically aged 4 to 5 years.

3 'Number of places' represents the published admission number (PAN) reported for reception year. An admission authority, for example a local authority or academy trust, must set the PAN, which is the number of pupils that a school can accept for the year that pupils will normally be admitted to the school.

4 'Number of pupils' represents the number of pupils attending a school as reported in the May school census related to the school capacity survey year.

Source: National Audit Office analysis of the Department for Education's school capacity data

1.12 The Free Schools Programme may have provided more school places than needed. In 2017, we reported that free schools were creating spare capacity. We recommended this be minimised where it added little value. We found that DfE had estimated just over half (51%) of the places created between 2015 and 2021 would create some spare local capacity. Other research has also highlighted that free schools led to some areas having too much capacity.[6] One local authority told us its local schools felt that a new free school would lead to an existing school closing. Our analysis shows that between January 2010 and July 2025, 625 new schools opened with 51 of these closing within this period. While this suggests some free schools may no longer be needed, it is unclear whether a school closes because of, for example, unfilled spaces, financial viability or educational quality.

1.13 DfE now explicitly considers value for money when planning for free schools. In October 2024, it announced a review to ensure planned mainstream free schools met local need and represented value for money. In March 2026, DfE confirmed that it would be cancelling 12 planned mainstream free schools and was "minded to cancel" 13, while another 19 would continue. DfE has no current plans to open further free school application rounds.

Understanding the impact

Schools' financial sustainability

1.14 For 2025-26, DfE received £65.3 billion revenue and £5.8 billion capital funding to distribute to schools. With around 90% of primary school funding allocated on a per-pupil basis (93.5% in 2025-26), falling pupil numbers will reduce a school's income. This can affect the funding available to improve educational outcomes and creates financial risks. Since schools receive funding based on their pupil numbers in the year before, they have a year before experiencing the financial impact of changing numbers. Having less income can add financial pressure on schools, who may also face pressures from rising staff pay costs and the need to support children with special educational needs.

6 J Garry, C Rush, J Hillary, C Cullinane, and R Montacute, *Free For All? Analysing free schools in England*, National Foundation for Educational Research and The Sutton Trust, 2018.

1.15 To illustrate the financial impact of falling pupil numbers, and how DfE and the sector may need to respond, we estimate that the projected 56,300 fewer primary school pupils in 2027 would mean £288 million less for schools. For 2028, 80,200 fewer pupils would mean a further £410 million less, with a further £334 million less in 2029 (65,300 fewer pupils).[7] This will not necessarily reflect a funding reduction as it will need to be considered in the wider context of school funding and decisions impacting a school's financial position. For example, in 2026, DfE announced funding to support inclusive mainstream schools and, in the 2025 Spending Review, government committed to a £2 billion real terms increase in the core schools' budget (2023-24 to 2028-29). Across the school system, in 2024-25, local-authority-maintained schools held net reserves of £1.6 billion, which includes schools with a deficit of £380 million. Academy trusts held net reserves of £4.2 billion, which includes trusts with a cumulative deficit of £73 million. As HM Treasury allocates DfE the core schools budget based on pupil numbers, DfE will not necessarily have additional funding with fewer pupils. Wider government spending decisions will dictate the funding it has available.

1.16 The financial impact of falling pupil numbers will differ across schools. In 2023, DfE modelled different pupil projections for schools up to 2030. With caveats, and assuming schools would face significant financial risks with an occupancy below 77.5%, its modelling suggested between 33% and 55% of primary schools could face financial risk by 2030 without acting. Its subsequent modelling refined this view. It indicated that there was no single tipping point, with financial risk progressively rising as pupil numbers fall. DfE concluded there are many factors, other than pupil numbers, that impact a school's finances. DfE has provided tools to help schools understand, plan and benchmark their financial position.

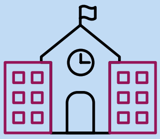
1.17 Although schools should be incentivised to reduce costs as pupil numbers and income falls, their scope and ability to do so will vary. It will depend on, for example, the extent to which they can reduce costs and how they manage their finances. In 2023-24, 76% of schools' expenditure related to staffing, 14% premises and occupation expenses, and 11% supplies and services. A small fall in pupils may not be enough to reduce the number of classes – and therefore teachers – in a school. This can mean schools spend more than the funding they receive. With already low operating margins, a 5% to 10% drop in pupil numbers can create an in-year deficit (**Figure 6**). In 2024-25, 51% of all local-authority-maintained schools reported an in-year deficit.[8]

7 Estimates provided for illustrative purposes. They are based on DfE's 2025 pupil projections and 2026-27 minimum per-pupil funding rates.
8 We could not determine a comparable figure for academy trusts given changes to the population of school trusts during the year.

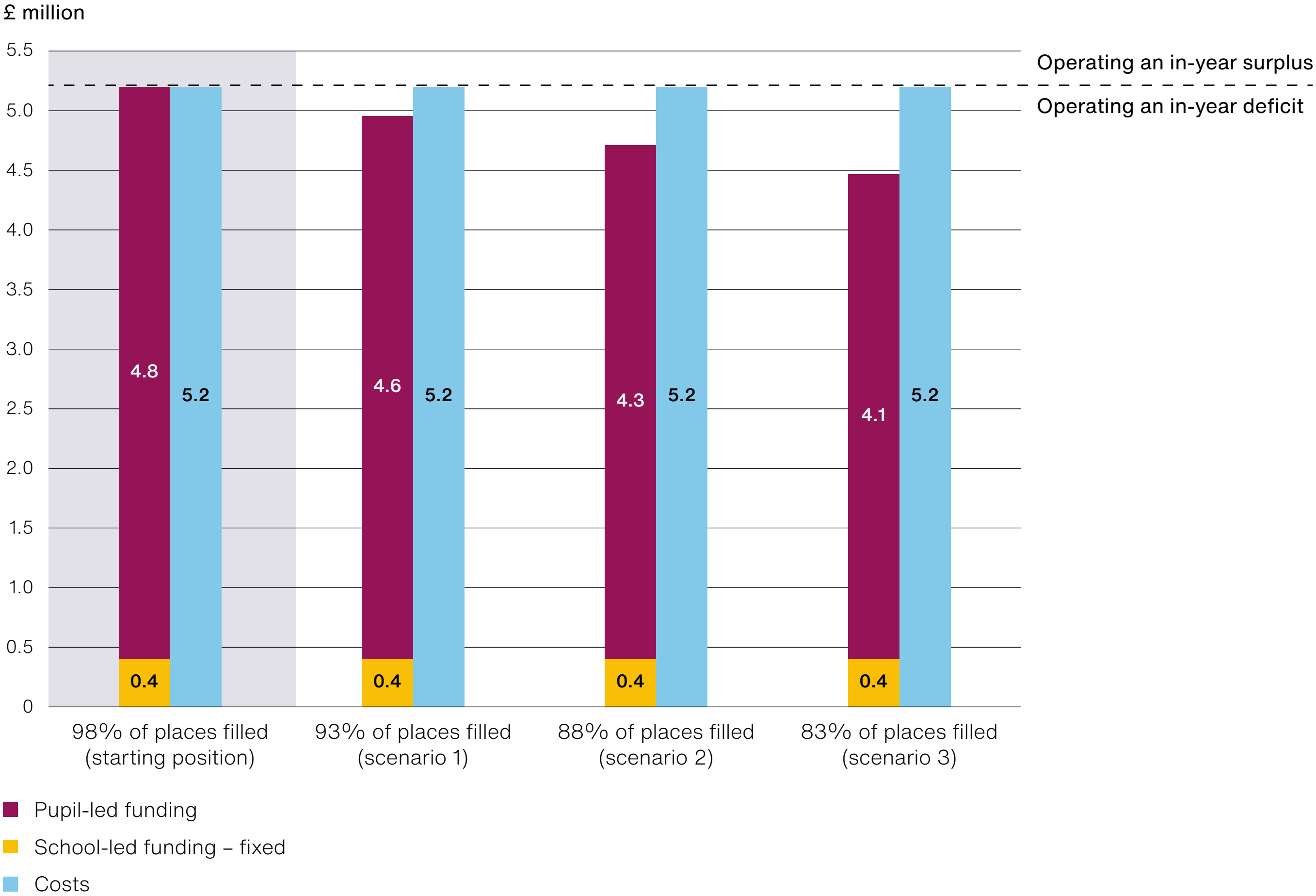
Figure 6

Illustration of the potential impact of declining pupil numbers on a primary school's finances

Small falls in the percentage of school places filled can move a school to an in-year deficit if no action is taken



Primary school example
Starting position
875 pupils
40 teachers
98% places filled



Notes

1. This figure is an illustration to show how funding and expenditure can change with pupil numbers assuming no action is taken. Starting funding, costs and the number of places filled are loosely benchmarked against a primary school in 2023-24.
2. Our analysis does not consider any potential existing financial pressures, so assumes deficits arise from changes in pupil numbers rather than inherited budget pressures.
3. Pupil-led funding falls broadly with pupil numbers. The figure assumes costs remain largely fixed because staffing and service contracts account for most school-led expenditure.
4. An 'in-year surplus' is when a school's income is higher than its expenditure in the same year. An 'in-year deficit' is when a school's income is lower than its expenditure in the same year.
5. In scenario 1, there is an in-year deficit of £0.2 million, £0.5 million in scenario 2, and £0.7 million in scenario 3.

Source: National Audit Office analysis based on Department for Education Consistent Financial Reporting data

1.18 Schools' ability to handle deficits depends on their overall financial situation. This includes whether they have reserves that can offset temporary losses caused by declining pupil numbers. Schools with limited reserves could face financial pressures from relatively small changes in pupil numbers. When in-year deficits persist, accumulated revenue reserves can be drawn down. This affects schools and trusts' ability to respond to other pressures. In 2024-25, 82% of all local-authority-maintained schools had surplus revenue reserves. In 2024/25, 95% of academy trusts, which may include multiple schools, had surplus revenue reserves.

Educational quality and outcomes

1.19 While DfE has assessed the impact of falling pupil numbers on school finances, in supporting the sector it has not assessed how this impacts educational quality and outcomes for pupils. It explained that Ofsted would identify any quality concerns, but Ofsted's inspection framework does not cover considering the proportion of unfilled school places. DfE has analysed Ofsted's ratings and school occupancy, recognising how school places correlate with educational quality. In 2025, the Institute for Fiscal Studies highlighted a gap in understanding the impact of school closures. It reported that closures could improve attainment, if this meant more children were taught in schools providing a better education, or reduce attainment if previously smaller class sizes were associated with higher attainment. In 2026, London Councils highlighted concerns that falling pupil numbers could negatively impact school standards and equitable outcomes for children.

1.20 In 2024/25, schools rated as "inadequate" had 26% of places unfilled and those rated as "requires improvement" had 22% unfilled, compared with 13% and 6% in "good" and "outstanding" schools. In 2024, the National Foundation for Educational Research suggested this may be because parents were less likely to send their children to lower-performing schools if there were spaces available elsewhere. Longer term this could result in more schools with lower ratings downsizing or closing, meaning that more children are educated in schools assessed as higher quality.

1.21 However, a short-term consequence is that falling pupil numbers, and therefore less funding, could create financial challenges for some schools and disproportionately affect some groups of children. DfE has not explored the potential impact of falling pupil numbers on different groups, including disadvantaged children. Reducing the attainment gap between disadvantaged children and their peers is one of DfE's core objectives. Falling pupil numbers could disproportionately affect disadvantaged children as lower performing schools tend to have a higher proportion of both disadvantaged children and unfilled spaces.[9] In 2024/25, 19% of places were unfilled in the most deprived schools, compared with 8% in the least deprived schools.

9 Ofsted inspections assess schools' performance against an inspection framework. In 2024/25, those schools assessed as "inadequate" and "requires improvement" had an average proportion of 35% and 32% of pupils on free school meals, respectively, compared with 25% and 21% for those assessed as "good" and "outstanding". These figures illustrate differences in pupil demographics and should not be interpreted as factors influencing inspection ratings.

Part Two

The Department for Education's approach

2.1 This part of the report sets outs how the Department for Education (DfE), given its national oversight, understands demand for school places. It also sets out DfE's overarching approach to meeting its responsibility for value for money across the sector (local authorities, trusts and schools) in the short and longer term.

Understanding longer-term forecasts

2.2 Since 2010, DfE has published national pupil projections to help the sector understand trends, plan, and develop wider initiatives. These projections use school data alongside Office for National Statistics (ONS) population estimates and projections, and birth registrations data. In 2025, the Institute for Fiscal Studies concluded that the falling numbers of children mainly reflected reduced fertility levels – which have fallen more than ONS's fertility assumptions.

2.3 DfE's pupil number projections are impacted by various factors, including birth and migration rates. They are inherently uncertain and likely to fluctuate over time. Stakeholders we spoke to were uncertain over the longer-term direction of pupil forecasts. DfE now projects pupil numbers over the next five years, following increased uncertainty in migration assumptions. It previously projected 10 years ahead when it considered trends as more stable. The ONS population projections look up to 100 years ahead. In 2024, as part of its advice to ministers on the impacts of demographic change, DfE considered the uncertainty of pupil numbers by projecting four different scenarios up to 2040. This illustrated the level of uncertainty around fertility rates, which will impact pupil numbers. Projections ranged from around 500,000 births by 2040 (lower than World War II levels) to 700,000 (similar to 2010).

2.4 Although DfE has developed various scenarios, it has not fully considered how it could support the sector respond to these, whether it needs to provide additional support, and how to manage this uncertainty. It has not yet set out what a resilient school system might look like given uncertainties. Without information on the potential impact or the range of possible outcomes, DfE's ability to make informed plans will be restricted. National Audit Office guidance describes how decision-makers should analyse uncertainty to understand the impact of possible outcomes, using techniques like scenario planning to illustrate the range of plausible outcomes.[10]

Understanding school places and capacity

2.5 While DfE's pupil projections provide a longer-term national picture, since 2009/10, DfE has collected annual data from local authorities on the shorter-term position. This provides DfE with a five-year view for primary schools and seven-year view for secondary schools. It collects local authority data on the capacity of schools and pupil forecasts, with this broken down across smaller planning areas (groups of schools) to better understand local challenges.

2.6 DfE expects local authorities to consider various factors when setting forecasts. These include birth rates, migration (internal and external), and housing developments. From reviewing a sample of published plans, it was unclear how local authorities consistently considered these factors. Half of the 76 local authorities that responded to our survey said they were more than 80% certain of their pupil forecasts. Just under a third (29%) said that support in modelling future pupil demand and school capacity was one of the three main challenges they faced in responding to changing demand (**Figure 7**). Of respondents, 18% would recommend more DfE support to model future pupil demand and school capacity.

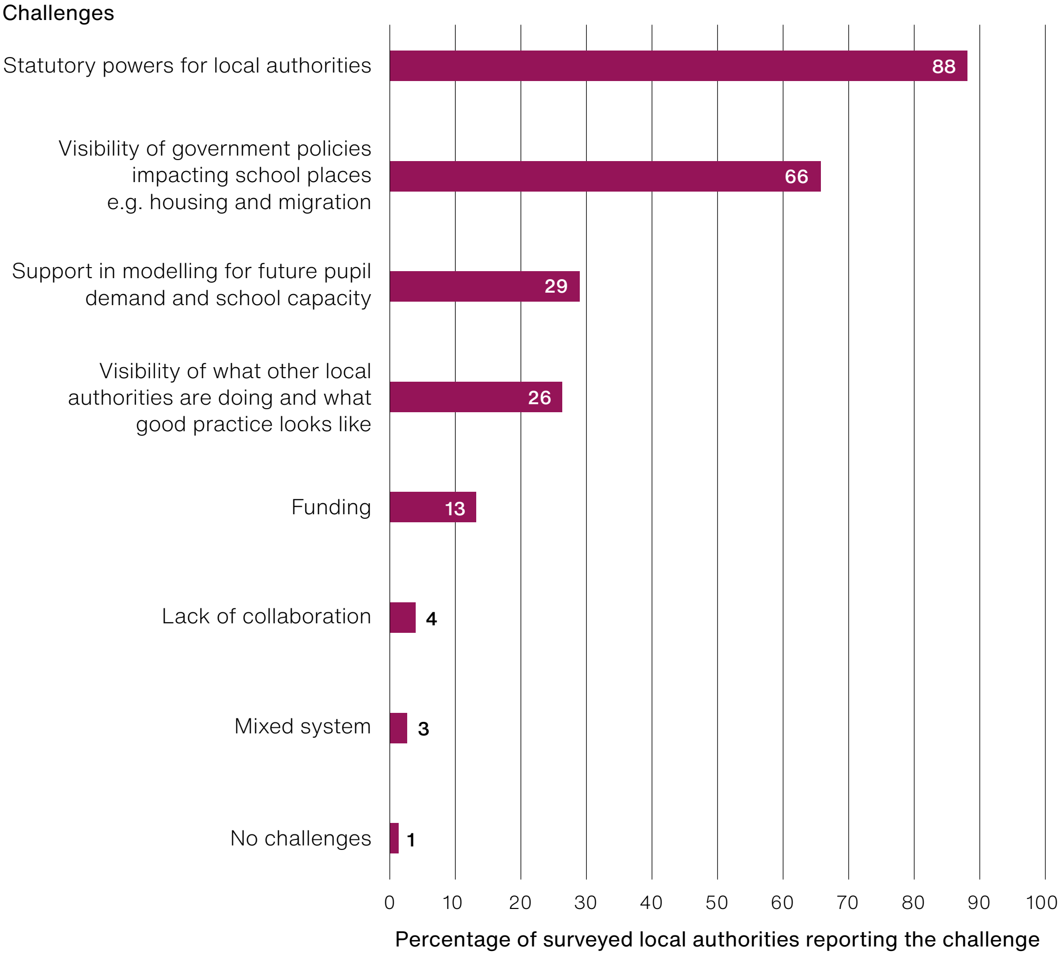
2.7 DfE uses the data from its survey of local authorities when considering the need for more school places but not the need to manage unfilled places. This includes when allocating funding to local authorities to create school places (see paragraph 3.15) and then determining when it should provide additional support – and challenge – to manage the risk of insufficient places. DfE does not currently systematically use these data to identify when it may want to provide more support to manage unfilled places.

10 National Audit Office, *Managing uncertainty – Questions for decision-makers to ask in an uncertain environment*, good practice guide, August 2023.

Figure 7

Local authorities' views on the main challenges in responding to changing demand for school places in England, as highlighted in the National Audit Office survey, September to November 2025

Local authorities in England identified their statutory powers as the main challenge in responding to changing demand (88%), followed by visibility of government policies (66%)



Notes

1 This figure displays the responses to the question: "What do you see as the main challenges in responding to changing demand? (Please select up to three)". The options were: "Statutory powers for local authorities", "Visibility of government policies impacting school places e.g. housing and migration", "Support in modelling for future pupil demand and school capacity", "Visibility of what other local authorities are doing and what good practice looks like", "Other (please specify)", and "No challenges".

2 Responses do not sum to 100% as respondents could select multiple options.

3 In total, 76 out of 153 local authorities responded to the National Audit Office survey (a response rate of 50%). For this question, respondents could select more than one option, resulting in 175 total responses.

Source: National Audit Office analysis of its survey of local authorities

2.8 DfE's data assurance of local authorities' school capacity survey responses is largely proportionate. It meets expected standards, but with some weaknesses. DfE reviews the data against its own guidance which sets out the factors local authorities should include (paragraph 2.6). DfE carries out checks as part of its data guidance and quality assurance. This includes:

- whether forecasts have changed from previous years and DfE requires responses to be signed off by the local authority's director of children's services. It challenges local authorities on their rationale where forecasts differ significantly from previous years and compared to other data sources. It recognises the risk of not identifying all errors and irregularities in forecasts but judges a low impact on its funding allocations.
- how local authorities apply the influencing factors it expects in their forecasts. However, DfE does not consider the uncertainty of forecasts by carrying out detailed sensitivity analysis of each influencing factor to understand their impact on forecasts and therefore funding allocations.

DfE told us it does not provide local authorities a specific methodology to develop forecasts, which would help ensure comparable data, given its oversight role. It signs off data used for capital funding allocations but does not otherwise set out a clear internal sign-off process to ensure and confirm data has been adequately checked.

2.9 DfE expects local authorities to provide additional information as part of their school capacity survey return. They are expected to comment on local trends and influencing factors, current or expected shortfalls or surplus in demand, and on how they plan to manage unfilled places and additional places needed. However, DfE does not systematically collate and check these narrative comments, unless it needs to as part of its data-cleaning processes or to engage with local authorities through its regional pupil-place planning advisers. It cannot therefore use these comments to track, understand and challenge how local authorities manage unfilled places. This limits DfE's ability to understand the extent of value-for-money risks, when or where it may need to act, and the good practice to share amongst local authorities (see paragraph 3.14).

DfE's overarching approach

2.10 Despite forecast trends, and falling primary school pupil numbers since 2018/19, DfE started to track the risk of this impacting the school system recently. In 2019, DfE projected primary school pupil numbers would fall by 2.8% between 2020 and 2025, and actual numbers fell 3%, broadly in line with this. Three years later, DfE removed from its top-tier risk register, the risk of not having enough school places. This followed falling forecasted demand and having successfully created more places. Instead, in 2022 it started monitoring the risk of local authorities not being able to manage sudden local pressures due to migration from Afghanistan, Ukraine and Hong Kong. In 2024, DfE added to its departmental risk register a further risk of the system not adequately responding to changing demographics. It had concluded that its arrangements for managing demographic risks were unsatisfactory.

2.11 Wider departmental and government programmes and policies affect demand for school places. The impact of these policy decisions needs to be considered, both nationally and locally, on the places needed. DfE's regional pupil-place planning advisers help share wider developments with local authorities. However, in response to changing demand, as part of our survey, local authorities reported a lack of visibility over government policies impacting school places, such as housing and migration, as their second greatest challenge, after their statutory powers (Figure 7). Despite no formal cross-governance group, DfE has done some work with government bodies to ensure factors influencing school places are considered and shared more widely. This includes:

- **Housing policy:** DfE works with the Ministry of Housing, Communities & Local Government (MHCLG) to provide tools and guidance to support local authorities plan school places reflecting housing developments. This includes a tool to estimate the pupils from housing developments and guidance for securing developer contributions towards providing more school places or funding new, or improvements to existing, school buildings.
- **Immigration policy:** In 2023, to understand the number of people moving into the country from the Afghanistan resettlement schemes, DfE worked with the Ministry of Defence and MHCLG to understand where school places would be needed, and it notified local authorities.
- **VAT on private schools:** In January 2025, the government removed the VAT exemption for private schools. HM Revenue and Customs and HM Treasury estimated this would lead to 35,000 more pupils in state-funded schools. DfE describes private school closures as having a limited and manageable impact.

Part Three

How the Department for Education supports the sector to manage falling pupil numbers

3.1 For value for money, and to maximise how much is spent supporting children and their learning, schools, local authorities and trusts (the sector) should identify the school places they need now and in the future, then releasing unneeded places. This part of the report assesses how well the Department for Education (DfE) supports the sector to make these decisions.

Potential responses

3.2 The sector will respond to unfilled places in different ways often reflecting local circumstances as, for example, pupil number trends vary locally. In the 1990s and 2000s, the government directed local authorities to remove surplus places. While this may represent value for money, in some cases it may be better to leave spaces unfilled, with space repurposed, should pupil numbers be expected to increase. DfE explained that, where places had been removed before 2010, some local authorities then did not have the physical capacity needed to meet increases in demand, spending significantly to build new capacity. Where removing unneeded places represents best value for money, the potential approaches vary in their difficulty (**Figure 8**).

3.3 Of the 76 local authorities responding to our survey, where pupil numbers had fallen over the last three years, 91% reported downsizing schools, for example by changing class sizes or reducing published admission numbers. Also, 92% reported repurposing surplus space. This could be to support children with special educational needs or for school-based nurseries. Looking ahead, 92% of surveyed local authorities reported that they were likely, or very likely, to consider downsizing if pupil numbers were to fall.

Figure 8
Potential approaches to managing falling pupil numbers

Local authorities, trusts and schools can take various approaches to managing falling pupil numbers

Approach	Further considerations	National Audit Office local authority survey: Percentage of respondents who described the approach as "easy" or "very easy" (%)
Closing schools	Schools need to follow prescribed processes, which differ depending on the type of school. Local authorities seeking to close a maintained school will need to run a consultation, whereas academies need agreement from the Education Secretary of State.	5
Combining or merging schools	This may involve closing and/or expanding schools to accommodate displaced pupils.	11
Downsizing schools	There are a range of ways to downsize schools, and they can use a combination of approaches: • **Reducing pupil numbers** by reducing a schools published admission number (PAN). To decrease PAN, the admission authority must run a six-week consultation. • **Reducing teaching and/or non-teaching staff** (while considering redundancy costs). • **Cutting back on non-essential programmes.** • **Adopting mixed-age classes** across different year groups.	36
Repurposing space	Ways in which schools have made flexible use of spare space include school-based nurseries and special needs provision. For example, in our survey, a local authority told us it was encouraging schools to set up specialist support bases for children with special educational needs and disabilities in speech and language development, autism, and social, emotional and mental health. Children with more complex needs were directed towards special schools. It described the benefits to be three-fold: enabling children to have their needs met in or as close as possible to their local community; a more cost-effective option than special schools; and savings made on home-to-school transport.	45

Notes

1 The admission authority is the academy trust for academies, the governing body for foundation schools and voluntary-aided schools, and the local authority for community and voluntary-controlled schools.

2 The total number of respondents to the National Audit Office survey was 76 out of 153 local authorities in England (a response rate of 50%). The survey collected responses from September to November 2025. For each approach, local authorities were asked how easy they found or expect to find implementing them and had a choice to answer with "very difficult", "difficult", "somewhat", "easy" or "very easy". Percentages do not sum to 100.

3 This table is not an exhaustive list of approaches.

Source: National Audit Office analysis of its survey of local authorities, stakeholder responses, published research reports and the Department for Education documents

3.4 Although downsizing schools may provide more flexibility than closures, the sector may face additional costs and the impact on outcomes remains unclear. For example, schools can reduce teacher numbers as they leave, or make redundancies, which can incur costs. The National Foundation for Educational Research's (NFER's) survey of primary school leaders found that 41% of those with at least slight concerns about falling pupil numbers also reported reducing staff. DfE's February 2025 survey of school and college leaders found that reducing non-teaching staff was the most common action taken by primary schools (59% of respondents) experiencing a fall in pupil numbers in the last 12 months.[11] The Nuffield Foundation told us schools in rural areas often teach different year groups in one class to manage falling numbers, but the impact on outcomes is unclear. An NFER survey of primary school leaders in 2025 found, that among those with at least slight concerns about falling pupil numbers, 28% had increased the use of mixed-age classes in the last two years, but it noted limited evidence on mixed-age classes and their impact.

3.5 Closing or combining, schools may be better value for money where pupil numbers are not expected to rise, although could be less value for money should places then be needed. Benchmarking, conducted by two local authorities in 2025, showed it cost an average £22,890 to create a primary place in a new school.[12] Local authorities consider closing or combining schools to be difficult. For example, in closing schools DfE requires them to consider medium- and long-term requirements; alternative options; the local community impact such as transport times to school; and the potential impact on pupil outcomes, especially for those disadvantaged.

3.6 Between 2010 and 2024, the number of primary school closures fluctuated, from 20 in 2010, falling to a low of seven in 2016, and then increasing to a peak of 25 in 2024. There have been proportionately more closures in London. In 2025, the Institute for Fiscal Studies (IFS) reported that the devolved nations (Wales, Scotland and Northern Ireland) had seen greater reductions in school numbers than England. Of local authorities responding to our survey, 26% said that, over the last three years, where pupil numbers have fallen, they had combined schools.

11 Department for Education, *School and college voice survey findings*, survey findings, updated 27 November 2025. Based on responses from 144 primary leaders, between 10 February and 17 February 2025.

12 Hampshire County Council, East Riding of Yorkshire Council and the Department for Education, *National School Delivery Cost Benchmarking report*, June 2025. The average cost based on 149 new school projects on undeveloped land.

3.7 The sector will have differing motivations and processes to follow when deciding how to respond to falling pupil numbers. The Secretary of State owns less than 1% of the school estate in England with the remaining split between local authorities, trusts and other local bodies. In England, local authorities primarily decide whether to close maintained school sites, while DfE approves academy closures. In Wales and Northern Ireland, the government approves school closures. Local authorities, for example, may have incentives to sell publicly funded land regardless of longer-term value for money. However, the Secretary of State must approve any disposals of publicly funded school land.

3.8 One trust told us that, to fill unfilled spaces, some schools have used marketing and extra-curricular activities to attract children and families. In 2025, the NFER's survey of primary school senior leaders found that among those at least slightly concerned about falling pupil numbers, approximately seven in 10 had updated their marketing.

DfE's support to the sector

3.9 The sector makes local decisions on the school places needed and how to make best use of their school estate. This can include decisions to create places or manage unfilled spaces. DfE has overarching responsibility for value for money and how the sector works. It can influence, support and facilitate effective local decision-making by providing guidance and funding, sharing insights and coordinating a system that works. The sector will have differing levels of experience in dealing with falling pupil numbers.

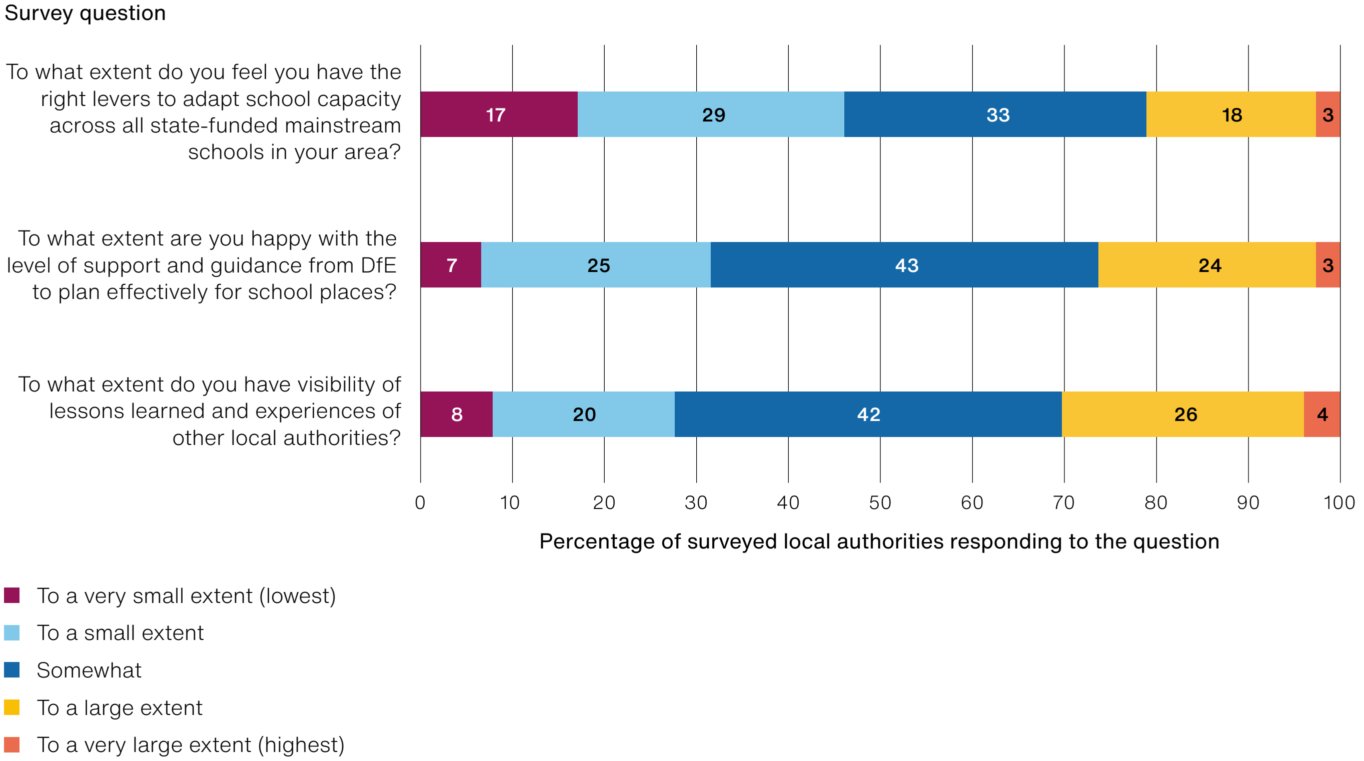
Guidance and insight sharing

3.10 To date, DfE has focused on supporting the sector provide enough spaces to meet its statutory duties, rather than managing unfilled spaces. DfE assumes the sector will respond to falling pupil numbers, given their responsibilities for planning school places. It has not set expectations for when the sector should consider responding and then act. While DfE's nine regional pupil-place planning advisers (in place since 2010) have a remit to monitor, support, advise and challenge local authorities' ability to meet their statutory duty to ensure there are enough places, it is unclear how their remit covers unfilled places. Almost a third of local authorities (32%) responding to our survey were only happy with DfE's support and guidance on managing school places to a small, or very small, extent (**Figure 9** overleaf).

Figure 9

Summary of local authority responses to the National Audit Office survey around their levers, the visibility of wider experiences, and the Department for Education's (DfE's) support and guidance in England, September to November 2025

The survey found 27% of local authorities were largely happy with the level of DfE's support and guidance to plan effectively for changes in school places



Notes

1 The total number of respondents to the National Audit Office survey was 76 out of 153 local authorities (a response rate of 50%). For each question, there were 76 responses.

2 Totals may not sum to 100% due to rounding.

Source: National Audit Office analysis of its survey of local authorities

3.11 DfE does not have a framework to help the sector determine how much spare capacity it may need and when to respond although its guidance sets out that the sector should retain some unfilled places to provide parents with a choice of schools and to manage changing demand. Local authorities decide on an appropriate level of unfilled places, reflecting their local circumstances. In 2007, the government agreed that local authorities should aim for a 6% surplus of places, but this benchmark no longer applies. DfE's funding allocation considers a 2% operating margin to allow for parental choice and management of the system. Our case studies of three local authorities found that one saw 5% to 10% as a sensible buffer, one aimed for 5% at primary level to manage children moving schools in-year (3.5% at secondary level), and one preferred to not have a figure given differences between schools.

3.12 Determining an appropriate range or parameters for surplus could help DfE interpret local authority survey data and identify when it may want to provide more support or intervene. In 1996, the Audit Commission recommended that the then responsible department consider "trigger mechanisms" to prompt an intervention and promote value for money.[13] Internationally, few countries have pre-defined minimum and maximum classroom sizes that could lead to an automatic decision to open or close schools, with these more often being used as benchmarks to start discussions. However, as of May 2025, the Latvian government has considered the possibility of a minimum number of students below which schools must be closed (**Figure 10** overleaf).

3.13 Despite primary pupil numbers falling since 2018/19 DfE has not taken timely action. However, DfE has begun to respond. In February 2026, DfE published its 10-year estates strategy, setting out how the school estate needs to be flexible and resilient in response to changing need.[14] The strategy aims help the sector decide how to use available space by describing broad expectations and providing the basis for a decision-making framework. As part of this framework, to be formalised in autumn 2026, DfE will set out the need to balance opportunities for re-using space with long-term risks, recognising the need for a flexible estate. The strategy does not cover identifying unneeded places or when to act.

13 Audit Commission, *Trading Places – The Supply and Allocation of School Places*, December 1996.
14 Department for Education, *Education Estates Strategy: A decade of national renewal*, CP 1501, February 2026.

Figure 10

Differences in how devolved and international education systems manage changing demand for school places

Internationally, closing schools has been a response to falling pupil numbers

Country	Recent trends in pupil numbers	Forecast trend in pupil numbers	Relevant insights
Wales	Between 2024 and 2025, primary school pupil numbers fell from 257,591 to 252,182 (just over 2%).	In 2025, the Institute for Fiscal Studies (IFS) reported the number of children (0 to 15 years) would fall 10% between 2025 and 2035.	In 2021, Audit Wales reported that the number of schools fell through closures and mergers as councils reviewed their school estate. Between 2024 and 2025, teacher numbers fell by 567.
Scotland	Between 2024 and 2025, primary school pupil numbers fell from 379,354 to 372,331 (just under 2%).	In 2025, IFS reported the number of children (0 to 15 years) would fall 8% between 2025 and 2035, with local variation.	In December 2024, the Scottish Government announced that it was providing £41 million to maintain teacher numbers.
Northern Ireland	In 2025/26, primary school pupil numbers (years 1 to 7) was 164,717, a fall of over 2,800 pupils (just under 2%) from the previous year.	In 2025, the IFS reported the number of children (0 to 15 years) would fall 15% between 2025 and 2035.	In 2025, the IFS reported that the number of schools fell by 6%, with a 2% rise in teacher numbers, between 2016 and 2025.
France	Between 2022 and 2023, primary school pupil numbers fell by 82,900 falling a further 66,900 to 6.3 million in 2024.	In 2025, the French Cour des Comptes reported that primary school pupil numbers were forecast to fall to just under 6 million pupils by 2028.	In 2025, the French Cour des Comptes reported the average class size falling since 2017.
Latvia	Between 2023 and 2024, the number of children aged 5 to 14 years fell from 206,690 to 203,678 (-1%).	In 2025, the Organisation for Economic Co-operation and Development (OECD) forecast the number of children, aged 0 to 14 years, to fall 23% between 2024 and 2040.	In 2024, the OECD reported that Latvia has merged or closed schools in rural regions, whilst expanding school transport systems to ensure students can still access education. As at May 2025, the Latvian government may be considering a law setting out a minimum number of students, below which a school must close.

Note

1 Data on recent trends in pupil numbers for Wales is from Audit Wales, for Scotland from the Scottish Government, for Northern Ireland from the Northern Ireland Statistics and Research Agency, for France from the French Cour des Comptes, and for Latvia from the Organisation for Economic Co-operation and Development. The figure also refers to data reported by the Institute for Fiscal Studies.

Source: National Audit Office analysis of published statistics and research reports

3.14 DfE has not yet actively sought to share insights to help the sector understand what response may be most appropriate and how it should be implemented. However, its estates strategy includes a plan to use 'pathfinders' to pilot how surplus spaces can be used flexibly to meet wider community needs and inform its decision-making framework for spare space in schools. National Audit Office guidance describes that service providers are best placed to learn quickly what works and that not sharing these insights risks gaps in their learning.[15] Of those local authorities responding to our survey, 42% felt they were "somewhat" sighted on lessons learned and experiences from other authorities, and 28% felt they were sighted to a "small" or "very small" extent. The role of DfE's regional pupil-place planning advisers includes sharing good practice. However, we heard from one local authority how it worked with others to share best practice regionally. Another described reaching out first to regional colleagues in the Educational Building and Development Officers Group as DfE's regional support was limited.[16] Opportunities for learning lessons include the following.

- Some local authorities have produced plans setting out their forecasting approach and response to anticipated demand changes. DfE expects local authorities to share their plans. It does not require them to be provided or shared more widely so they, and the sector, can better understand local challenges. It is not within the regional advisers' remit to set out what a good plan or appropriate response looks like, and they do not consider the quality of plans.
- Between 1995/96 and 1999/2000, the sector removed more than 170,000 unfilled primary and secondary school places. In 1996, the Audit Commission made recommendations on how to incentivise the sector to ensure value for money and improve collaboration. In 2002, they then reported on how these unfilled places were removed by, for example, closing temporary classrooms and schools, and repurposing space.[17]
- As other nations have experienced falls in pupil numbers, DfE can look more widely to identify lessons learnt and innovative ideas.

15 National Audit Office, *Improving services – systematic improvement*, February 2023.
16 The Educational Building and Development Officers Group brings together local authority education officers and property professionals across regions.
17 Audit Commission, *Trading Places: A Review of Progress on the Supply and Allocation of School Places,* 2002.

Providing funding

3.15 DfE provides funding to those local authorities that need to create school places. Local authorities may also receive funding from housing developers where developments create local demand for places. In March 2025, DfE announced a combined total of £2.5 billion capital grant funding between 2024 and September 2028. It has continued to better allocate this funding according to need, which led to funding falling with pupil numbers from 2018-19 and from 2026-27, only providing funding when a certain level of need is identified. As schools receive revenue funding based on the previous year's pupil numbers, since 2019-20, DfE has provided discretionary funding to those seeing an immediate increase in pupils. For 2025-26, this 'growth fund' allocated £1,570 per new primary pupil, £2,350 per new secondary pupil and a lump sum of £77,225 for each new school.

3.16 With most of their core annual funding based on prior-year pupil numbers, schools will initially be protected from the financial impact of falling numbers. However, in 2024-25 DfE allocated some funding to support schools. The 'falling rolls' fund is designed to help the sector address temporary falls in pupil numbers (within three to five years) and avoid unnecessary costs, such as redundancies or building reconfigurations. It is not designed to help the sector plan for the longer term, where pupil numbers may consistently fall. For 2025-26, the fund allocated £141,890 for each area within a local authority seeing a fall of 10% or more in pupil numbers between two DfE data census years. In 2025-26, DfE allocated just under £27 million through its falling rolls fund.

Drawing on the wider opportunities and insights

3.17 Given its national oversight and responsibility for schools, DfE is well-placed to identify, create and share wider opportunities and information to help the sector make good value-for-money decisions. It has started to do more to bring together initiatives and capitalise on opportunities but recognises there is more it can do. It remains unclear how DfE will ensure wider factors are considered and coordinated across DfE, the sector and wider government. For example:

- **Wider government:** In February 2026, as part of its estates strategy, DfE announced it will pilot using surplus school space to achieve wider government priorities. As well as joining up with Best Start Family Hubs, it has described planning to work with other government departments to identify where schemes overlap with spare educational estate spaces.[18]

18 This includes new housing acceleration schemes, young futures hubs, and neighbourhood health centres.

- **School-based nurseries:** DfE has looked to use spare capacity to create or expand school-based nurseries. In 2024-25, DfE introduced a school-based nursery grant of up to £150,000 per school, although there will be no cap on local authority bids between 2027 and 2030. In its estates strategy, DfE announced a £400 million investment between 2025-26 and 2029-30 to create or expand nurseries. In phase 1 of the programme, DfE awarded 300 primary schools £37 million, creating 6,000 new nursery places. Most of these have been created in the North East which faced a 1.3% fall in primary school pupil numbers, in line with the national average between 2023/24 and 2024/25. In March 2026, DfE announced it had awarded £45 million to support 331 more schools create 6,000 new nursery places, with more than a third in the most disadvantaged areas. DfE has been considering school places as part of this.
- **Special educational needs and disabilities (SEND):** DfE has set out an ambition that more pupils with special educational needs will be educated within mainstream schools. The estates strategy sets out at least £3.7 billion capital funding between 2025-26 and 2029-30 to create 60,000 more specialist places and expand specialist units in mainstream schools. It does not set out how this may affect the number of unfilled places.
- **Teacher recruitment:** Falling pupil numbers provide an opportunity to help overcome teacher recruitment and retention challenges. DfE told us spare primary teachers, could be used across the education sector. Its modelling suggests 1,200 extra primary teachers in 2025/26. While schools make their own employment decisions, DfE told us it is considering how it can manage this through, for example, the numbers starting teacher training.
- **Building efficiency:** To maximise value for money, DfE and responsible bodies should avoid significant capital investment in schools that may close, while also ensuring schools with more cost-efficient, sustainable and better-maintained buildings are fully used. Of public sector emissions, 24% come from schools. As part of the government's 10-year infrastructure strategy, almost £20 billion will be invested in school rebuilding between 2025-26 and 2034-35, with a commitment to rebuild 768 schools.[19] Schools are prioritised based on their building condition. DfE reviews pupil numbers as part of its selection process and, in considering the capacity of buildings, considers future pupil demand. This includes asking for evidence on future admission numbers.

19 This includes 518 schools already selected and a further 250 schools to be added to the programme.

Coordinating a system that works

3.18 Stakeholders we spoke to as part of this report widely agreed that the current school system creates challenges in managing school places. Of the 76 local authorities responding to our survey, 33% said they “somewhat” had the right levers to adapt school capacity across schools in their area. A further 46% felt they had the right levers to a “small” or “very small extent”. In 2025, the IFS described the current system as complicated compared with the rest of the UK, due to fragmented responsibilities split across local authorities, trusts and DfE.

3.19 Local authorities have responsibility for overseeing school places in their local area but currently lack direct levers over academies (which made up 52% of schools in 2024/25), which limits a whole-system approach. For example, local authorities cannot direct academies to reduce their student admission numbers. The impact of this on their ability to manage places varies, as they have differing proportions of academies to maintained schools, ranging from none to 85% academies. Since 2020, academies have consistently had a higher proportion of unfilled reception places, although the proportion of unfilled places in local-authority-maintained schools started to increase from 2021 (**Figure 11**). Almost all local authorities (97%) responding to our survey said they would recommend increases in their statutory powers to DfE. DfE does not always have levers to direct academies on admission issues, although its regional teams can encourage local authorities and trusts to work together.

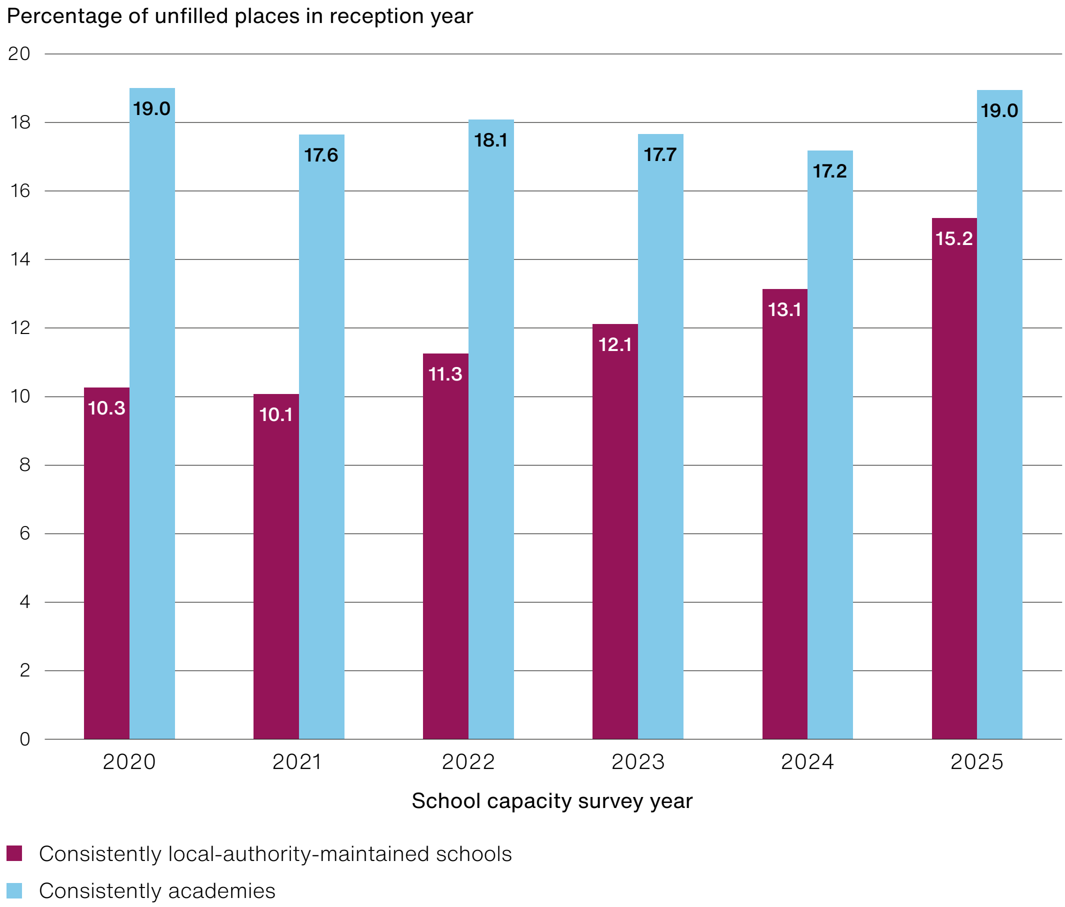
3.20 On place planning, DfE expects the sector to collaborate but there are currently no duties for bodies to act in a coordinated way. In 1996, the Audit Commission recommended more effective working between local authorities and the sector. Local authorities and wider stakeholders we spoke to considered good sector relationships as important. Stakeholder representatives agreed that local authorities and trusts mostly collaborated. Manchester provided a good example of a local authority coordinating all in-year admissions, including for academies. However, some stakeholders described academies not cooperating or appearing to consider local needs. Since parents can express preferences for a particular school, the system encourages competition between schools to attract pupils.

3.21 DfE’s guidance on effective partnerships expects local authorities to be transparent with trusts and schools on their place-planning strategy, forecasts and rationale underpinning their approach. This would allow the whole sector to more effectively plan and understand the impact of their decisions. We heard mixed messages on the extent to which local authorities were transparent. Only 28% of local authorities who responded to our survey told us they had a formal plan to manage school places, and where they had a plan, 60% were updated in 2025. However, one local authority we spoke to has produced an interactive planning tool to help governors and school leaders interrogate trends, compare schools, and plan. It presents its projections twice a year to school leaders to influence schools’ decisions. Another local authority we spoke to has established a partnership agreement with its schools to be as collaborative and transparent as possible.

Figure 11

Percentage of unfilled reception year places across different types of primary schools in England, 2020 to 2025

While the number of unfilled places in reception has started to increase in maintained schools, academies have a higher proportion of unfilled places



Notes

1. The Department for Education collects school capacity survey data annually, based on capacity as at 1 May of each year.
2. Reception is the first year of school in England, for children typically aged 4 to 5 years.
3. Schools defined as being "consistently local-authority-maintained schools" and "consistently academies" are those that have not converted to an academy.
4. Data have been filtered to only include state-funded primary schools that were consistently maintained schools or academies, and excludes academy converters. This only includes schools that have data available for the whole 2020 to 2025 period. The data cover 9,586 schools (7,905 maintained schools, and 1,681 academies, including free schools). In 2024/25, there were 16,743 primary schools.

Source: National Audit Office analysis of Department for Education's school capacity data

3.22 Local authorities need to coordinate with other areas to deliver their responsibilities and value for money. The Association of Directors of Children's Services described insufficient coordination across local authority boundaries. While DfE publishes national school capacity data, this information could be used to help decide where to expand the school estate and avoid two schools opening in two different local authorities when one would meet pupil demand. We spoke to one local authority who described engaging neighbouring councils to join up their place-planning approaches.

3.23 Looking ahead, the Children's Wellbeing and Schools Bill, sponsored by DfE, seeks to place a duty on schools (including academies) to cooperate with local authorities on school admissions and place planning, and will give local authorities power to direct an academy to admit a child the same way it can with a maintained school. The bill includes a power for the Office of the Schools Adjudicator to set a school's published admission numbers where it agrees with an objection. Stakeholders have expressed mixed reactions, with some seeing this as empowering local authorities and improving cooperation. Others raised concerns about the capacity of local authorities and felt it would create a conflict of interest. For example, a local authority might prioritise keeping its own local-authority-maintained school open where school closures are necessary. Alongside changes to the bill, DfE has set out in its proposed framework for published admission numbers that where places need to be removed, those in higher performing schools should be removed as a last resort.

Appendix One

Our audit approach

Our scope

1 The report assesses whether the Department for Education (DfE) is achieving value for money in ensuring that the sector (local authorities, trusts and schools) is supported to effectively respond to falling pupil numbers in state mainstream primary schools. We have not considered school places in further education, special schools, alternative provision and early years. We have not examined schools' admissions policies.

2 Our independent conclusions are based on the analysis of evidence we collected between August 2025 and March 2026. In forming our conclusions, we used the study methods and evidence sources set out in the paragraphs below. In assessing value for money, we considered whether DfE has clear oversight and accountability arrangements to provide support on the management of school places, whether DfE has a good understanding of supply and demand of school places and the influencing factors, and whether DfE is responding effectively to changing demand for school places.

Our evidence base

3 In forming our conclusions, we drew on a variety of evidence sources, including interviews with DfE, stakeholder engagement, a survey of local authorities, case studies with local authorities, a review of DfE's school capacity quality-assurance process, document review and data analysis.

Interviews

4 Between August 2025 and January 2026, we conducted 13 online interviews with DfE on Microsoft Teams. We used these interviews to understand a range of topics, including:

- the data DfE collects;
- DfE's support to the sector;
- the capital and revenue funding DfE provides the sector, including special educational needs and school-based nurseries capital funding;
- the school system, and roles and responsibilities to plan for school places;
- the impact of surplus capacity on DfE's teacher workforce model;
- DfE's quality assurance of school capacity data; and
- the school rebuilding programme.

Stakeholder engagement

5 We invited a range of stakeholder representatives, research bodies and trusts to submit written and oral evidence to inform our work. We used this evidence to gain insight into the frontline perspectives and practicalities on school-place planning and then considered these alongside evidence collated from the government. The evidence focused on:

- the roles and responsibilities for DfE, local authorities, trusts and schools;
- how local authorities, trusts and schools collaborate to provide or release school places;
- how local authorities and trusts find the level of support and guidance from DfE in being able to effectively plan for school places;
- how the school system is encouraged to consider value for money when managing falling rolls;
- what influencing factors local authorities and trusts consider in their short- and long-term planning to respond to pupil demand while also considering cost-effectiveness;
- the main challenges trusts and schools face in efficiently and effectively planning for changing pupil demand;
- what approaches local authorities, schools and trusts are using to manage falling pupil numbers; and
- any good practice examples of approaches to managing excess capacity because of falling rolls.

6 The stakeholder representatives, research bodies and trusts submitting evidence to our study were:

- ADCS (Association of Directors of Children's Services);
- ASCL (Association of Schools and College Leaders);
- the Confederation of School Trusts;
- the Local Government Association;
- London Councils;
- NAHT (National Association of Head Teachers);
- NGA (National Governance Association);
- NFER (National Foundation for Educational Research);
- IFS (Institute for Fiscal Studies);
- IfG (Institute for Government);
- the Nuffield Foundation;
- Eko Trust; and
- River Learning Trust.

Survey of local authorities

7 To gain a comprehensive and complete view of the full extent of challenges, we conducted a survey of local authorities with the support of the Educational Building Developer Officer Group (EBDOG) in distributing the survey to local authorities. We received responses from 76 out of 153 local authorities (a response rate of 50%). We collected responses from September to November 2025. The questions we asked covered local authorities':

- understanding of pupil demand in their area;
- approach to planning for school places; and
- view of DfE's support and guidance.

We also asked them to share examples of good practice or innovation done in local authorities to manage school places. We liaised internally with our survey experts on how best to design, collect, quality assure and present the results from our survey.

Case studies of local authorities

8 We conducted case studies of local authorities to look into the range and diversity of how local authorities are approaching the challenge of planning for school places in response to changing pupil demand. Our sample of local authorities looked into areas with high/ low proportions of trusts and high/ low forecast changes in pupil numbers as we expected these will influence different approaches from local authorities. The questions we sought to answer were as follows.

- What do local authorities consider when planning for school places (i.e. short- and long-term cost-effectiveness, wider impacts from government policy)?
- To what extent do local authorities have adequate powers/ levers to fulfil their statutory duty to provide enough school places?
- How do planning approaches differ for a local authority expecting an increase in pupil numbers compared with one expecting a decrease?
- What are their respective challenges and opportunities?
- What are some of the factors supporting successful management of pupil demand in local authorities?

9 Our case study methods were in-depth interviews with people responsible for school-place planning within the local authority to understand the unique challenges of the local authority and frontline experience of school-place planning. Alongside this, we conducted a document review of published local plans.

10 We purposely sampled local authorities to capture the breadth of challenges faced locally and approaches used to meet future needs. We selected from the 153 local authorities who are responsible for school-place planning. The local authorities who participated in our study were:

- Bournemouth, Christchurch and Poole Council;
- Coventry City Council; and
- Lincolnshire County Council.

Review of DfE's quality assurance of school capacity data

11 Between October 2025 and January 2026, we reviewed DfE's quality assurance of school capacity data, published in DfE's 'School capacity' dataset. We held DfE to the standards of the Analytical Quality Assurance (AQuA) Book. DfE's school capacity data are considered business critical as they are used for funding decisions. We consulted with National Audit Office in-house modelling experts to develop a framework for reviewing DfE's quality-assurance process, which covered the selection of methods, risk assessment, overall quality assurance, verification, validation, and uncertainty. Our assessment was that the quality assurance met almost all criteria, with some areas where it did not meet standards.

Document review

12 Between September 2025 and February 2026, we reviewed more than 160 published and unpublished documents from DfE to draw conclusions about our study questions and to supplement evidence from our interviews. This covered:

- strategic plans;
- management information, such as risk reporting; and
- analysis, research and evaluation evidence.

13 We reviewed published reports by other organisations including the National Foundation for Educational Research, the Institute for Fiscal Studies, the Institute for Government, London Councils, French Cour des Comptes, the Organisation for Economic Co-operation and Development, and the Audit Commission.

Data analysis

14 To understand the scale of falling pupil numbers in the sector, we analysed DfE's national pupil projections data, published in its annual national pupil projections statistical release. The data provides actual and projected numbers of full-time equivalent pupils in England by type of school and age. We used these data to illustrate DfE's national projections for primary school pupils, secondary school pupils and data in all schools, which combine state primary and state secondary schools' data. We used data from 2010 to 2025 from the July 2025 publication, which includes school census data until January 2025.

15 To illustrate how pupil numbers have been changing in counties and unitary authorities and how pupil numbers are forecasted to change, we used school capacity data from DfE's annual school capacity data release, published in March 2026. DfE collects these data from local authorities, specifically county councils and all single-tier authorities responsible for education services in their area. We used data from 2018/19 to 2024/25 to display how pupil numbers have changed by local authority, and forecasts data from 2024/25 to 2029/30 to display forecast change in pupil numbers by local authority. Due to changes in boundaries between 2018/19 and 2024/25, six local authorities had missing or no data available and were excluded from any percentages that were calculated.

16 To understand the size of the sector and impacts of falling pupil numbers on state-funded primary and secondary schools, we analysed DfE's school census data in its published schools, pupils and their characteristics dataset. We analysed data for 2015/16 to 2024/25, the period for which data were available. We calculated:

- the number of state-funded schools that closed over time; and
- the number of full-time equivalent pupils over time.

17 To illustrate the number of free schools that opened and closed between 1 January 2010 and 30 July 2025, we analysed data from DfE's 'Get Information about Schools' dataset. We excluded schools with predecessors.

Financial analysis

18 To quantify how much less funding mainstream primary schools may receive in 2027, 2028 and 2029, and thus indicate how DfE and the sector may need to respond, we used:

- DfE's 'National pupil projections' published in July 2025, for the number of primary school pupils projected until 2029; and
- the minimum per-pupil funding for primary schools in 2026-27 (£5,115) – the guaranteed amount of funding that schools will receive for each pupil, topping it up if its calculated funding is below that level – from DfE's 'The national funding formula for schools and high needs 2026 to 2027' document.

We calculated the difference in the number of pupils for each year between 2026 and 2029, and multiplied these by the minimum per-pupil funding amount for 2027, 2028 and 2029. We did not adjust for inflation and assumed a flat rate of £5,115 per pupil.

19 To quantify reserves and the financial position across the school system, for local-authority-maintained schools, we analysed financial data from DfE's published 'Consistent financial reporting' for 2024-25. As DfE's published 'Academies accounts returns' only partially show academies' revenue reserve data, DfE provided figures for academy trust reserves, cumulative deficit and the percentage of trusts with surplus revenue reserves for 2024/25. We have not audited local-authority-maintained schools or academy trust financial figures. All schools' financial data will be affected by movements within the sector from academies changing ownership and maintained schools converting to academies.

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