A Rising Tide

The Competitive Benefits
of Free Schools

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About the Authors

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Contents

Acknowledgements

Executive Summary

"What can be said is that, however measured, the overall state of schools has improved during the course of the academisation programme. The competitive effect upon the maintained sector of the Academy model may have incentivised local authorities to develop speedier and more effective intervention in their underperforming schools"[1]

Education Select Committee report on "Academies and Free Schools" January 2015

Since the 1988 School Standards and Frameworks Act, persons other than Local Authorities have been able to promote or suggest the setting up of new schools. But it has only been since 2010 that such a policy has been accessible to anyone other than education professionals through the creation of the Free Schools programme (which in legal terms allows for the creation of new Academies). Close to 1,500 groups of parents, teachers, community groups, and existing state and independent schools have submitted long and detailed application forms to the DfE with curriculum, financial, staffing and premises plans for new schools across the country.[2] Despite the controversy that such schools have generated, the Conservatives, Labour and the Liberal Democrats have all pledged to keep open existing Free

> **"Close to 1,500 groups of parents, teachers, community groups, and existing state and independent schools have submitted plans for new schools across the country"**

Schools, and all parties have also agreed to maintain a process for providers other than Local Authorities to set up new schools (although Labour and the Liberal Democrats would tighten the criteria so these could only be set up in areas where there is a shortage of school paces).

Free Schools have been controversial from the start, with critics variously charging that such schools will (if they even manage to get set up) perform worse than other schools, be dominated by middle class parents, will take funding and pupils away from other local schools, and will generally disrupt a well planned ecosystem of schools. Much of this criticism was made in advance of the policy even having been introduced, let alone any schools having opened! Since the first schools opened in September 2011, there have been a small number of rigorous studies of the schools. But many of them have had to use input measures as proxies for outcomes (i.e. the socio economic status of groups seeking to set up schools and the admissions criteria the schools are using). **Most importantly, none of the research to date has focussed on the wider systemic impact of Free Schools on their local community or neighbouring schools** – something which is necessary to see whether Free Schools have the potential to have the wider systemic impact which was an important part of the early narrative by the Conservative party pre 2010 but has been somewhat lost since then. This question

– the wider benefits or otherwise of Free Schools on their local communities and on education standards in their locality – is the focus of this report.

In order to identify any possible competitive effects of Free Schools, this report constructed a dataset of the three geographically closest 'similar' schools within the same Local Authority to each of the 171 relevant Free Schools open so far. This data uses increases in the primary and secondary headline measures of % of pupils achieving Level 4 at key Stage 2 and % of pupils achieving 5 GCSEs A*-C including English and maths as the metrics for comparison before and after a Free School is announced or opened near to them.

It should be obvious – but bears setting out explicitly – that such data cannot demonstrate conclusively that any changes seen are as a response to the new Free School. A school appointing a new Head; a change to Academy status; a glut of teachers leaving; a financial crisis – all of these can affect an individual school for better or worse. It should also be remembered that sample sizes in some of these categories is quite small, and correlation should not be mistaken for causation. Nevertheless, across the sample of closest schools as a whole, before and after the approval and opening of a Free School, it is possible to discern some trends.

In conclusion, the data suggests, for the first time, evidence of the wider effect which is taking place at the time that new Free Schools are opening in local communities. Free Schools are helping to raise standards not just for the pupils who attend them but for other pupils across the local community – especially for those in lower performing schools:

- In every year (except for the 16 primary Free Schools approved in 2010), the opening of a Free School is associated with substantial gains in performance of the lowest performing primary schools nearby, above and beyond national gains in similar type of schools.
- At secondary level, this effect goes even wider, with an open Free School being associated with increases above national increases for all secondary schools with below average results in every year from 2011 to 2014.
- Primary schools with surplus places show a bigger increase in results than schools which are oversubscribed in every year apart from those approved in 2013. There is less of a discernible pattern by surplus places at secondary level.
- High poverty primary schools which have a Free School next to them improve faster than more affluent primary schools, but the pattern is inconsistent in the middle of the distribution. There is almost no pattern at secondary.

This data further suggests that many of the criticisms levelled at Free Schools do not have a basis in fact:

- Overall, Free Schools do <u>not</u> drag down results of neighbouring schools by causing oversupply or spreading resources too thinly. In aggregate, schools closest to Free Schools perform in line with national results at primary and better than either their Local Authority or national average at secondary.
- Free Schools do <u>not</u> only benefit the middle class. High poverty schools close to Free Schools perform better than more affluent schools close to Free Schools. And the strongest spillover effects are seen amongst the gains made by the lowest performing schools

- Competition from Free Schools <u>does</u> seem to be driving a response. As above, the strongest response is amongst the lowest performing schools.
- Free Schools are not taking money away from where schools are 'needed'. Between 2010 and 2015 they have contributed to alleviating basic need in many Local Authorities.
- However, there is no clear educational rationale for just limiting Free Schools to areas where there is a need for new schools. To the extent that such a pattern exists, the effects of a new Free School are felt more where local schools have surplus places, because of the competitive effect that it generates. Moreover, such areas of basic need tend on aggregate to be higher performing areas, and as such the effects of Free Schools in such places would be to offer greater benefits to these higher performing areas and pupils.

Such conclusions of a positive area wide effect are also supported by self-reported impacts of Free Schools from the Heads of Free Schools themselves. The Department of Education's recent research report on Free Schools reported that 72% of Free School Headteachers believe that they have an impact on the local schools, with a third thinking local standards are improving through competition, and a third believing they are improving through collaboration. Instances quoted include:[3]

- *"Since opening our school, the enhanced competition has resulted in standards in the local area rising. One head of a local school has openly stated at a headteachers' meeting that the opening of our school made him re-evaluate his provision and raise attainment at GCSE by 25%."*
- *"Our local primary school has made some significant improvements to operations, with the development of an activities hour at the end of each school day and an after school care facility being set up to support working parents. The extra-curricular provision had been a key strength of our Free School and we believe there is a clear desire for this local school to replicate our model to attract pupils. It has also been notable that this school's academic performance has improved since we opened, with a significant rise in pupil achievement in SATs."*
- *"They have been a bit more aggressive in their marketing, and replicated how we structure the end of our school day."*
- *"A new sixth form school has been built on a near-indistinguishable model whilst other local providers have, at a minimum, started stressing their offer for more able students and in some cases assembling one from scratch."*
- *"From the start we had a policy of not teaching students MFL until they had caught up in their English. Other local schools have now started to do this."*

If Free Schools can be demonstrated to have an impact not just for their own pupils (assuming provision is good) but driving positive spillover benefits across their local community, then this is a powerful argument for their continued roll out and expansion. But it is also an argument for considering where – within an overall demand led system – Free Schools can be particularly encouraged and supported, alongside an ongoing role in meeting basic need. The evidence of this chapter suggests that is in areas of low educational performance as defined by performance at 11 and 16, and that other indicators that could be used for educational standards are poor proxies. There is only a weak correlation between Local Authorities with low performance at 11 and or 16 and those Local

Authorities with high numbers of schools rated Requires Improvement or below by Ofsted, for example or between low levels of overall performance and a gap between FSM and non FSM pupils.

Given the tight fiscal situation, and a pupil boom happening in many areas across the country, Free Schools have rightly and increasingly played a role in helping to alleviate basic need – as new providers offering both new places but also, uniquely, as schools that are responding to parental specific demand, and that furthermore offer potential for innovation and new approaches.

However, it is important not to lose sight of the wider role of Free Schools in meeting demand even when sufficient places already exist, and of that competitive effect which can act across the area. As such, basic need should continue to be – as now – only one element of the approval process. The other reason for not simply focussing on basic need as a rule for where Free Schools can open is that, as with Ofsted grades and the gap between richer and poorer students, an area having a basic need for places has no relation to the quality of education in the area. If anything a reverse quality gap occurs – lower performing areas tend to have more surplus places as parents (who are able to) depart the Local Authority for schools elsewhere. **In other words, restricting new Free Schools solely to areas of new basic need – as proposed by both the Labour party and the Liberal Democrat party – would both mute the potential for driving up area wide standards, and limit any such benefit to schools and pupils that are performing better overall, as areas of basic need typically have lower incidence of educational underperformance that those in surplus.**

Instead, alongside the continued government focus on alleviating basic need, and the role that new providers can play in that, it is also important to consider how such providers can also be supported to open in areas of educational underperformance, as the programme matures into its second Parliament (whether known as Free Schools or Parent Led Academies). Analysis for this report suggests that, for a number of reasons, the composition of groups opening Free Schools has changed over the waves of approval to date, with existing providers

Figure ES1: Changing composition of groups approved to open Free Schools (wave 1 to wave 7)
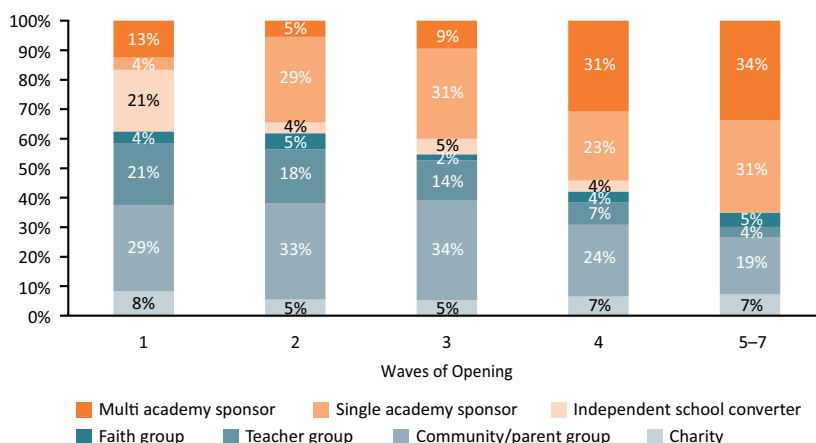
– single or multi Academy trusts – becoming increasingly prevalent. Such groups tend to be more likely to set up in areas of basic need.

This report argues that Free Schools have demonstrably been highly successful at galvanising interest from a large number of groups from across the country. It is likely that by the time of the election there will be over 400 open or approved Free Schools – over twice as many as there were Academies under the last government, in half the time. This report believes that high performing Free Schools can offer benefits not just to the students enrolled in them, but through demonstration of good practice, innovation, and competitive effects, create a positive spillover effect in their neighbouring schools – as the early evidence in this report sets out. As the programme matures into its second Parliament, under any government, a continued focus on alleviating basic need should be complemented by an increased focus on raising standards including through opening new schools in areas of low performance (and surplus places). Although the Government should not set a numerical target - Free Schools are rightly a demand led programme - it should set a clear expectation that it expects to see hundreds more new schools set up under the next Parliament

To do so, this report recommends the following:

1. **The Government should (re)commit to an (amended) process for creating new school places in areas of basic need, and a separate process for approving new schools, especially in areas of educational need.**
   a. Basic need provision should be approved through competitions run by the Regional Schools Commissioner or Director of Schools Standards (apart from short notice emergency expansions of places).
   b. New provision – Free Schools or parent led Academies – not in areas of basic need should continue to be approved centrally to avoid conflicts of interest.

   Alongside this, the Government should vocally defend and promote the case for two separate processes and for supporting both schools that open in areas of basic need and those that open in areas of surplus places.
2. **Existing Free Schools (and Academies) who want to create new Free Schools in underperforming educational areas should be eligible for expansion grants.**
3. **The New Schools Network should evolve its role to become more responsible for sustained capacity building in areas of educational underperformance to support new Free School groups.**
4. **The planning system should be further amended to give a swifter ruling over which buildings can be used for schools in areas of educational underperformance.**
5. **The Readiness for Opening discussion should include a specific discussion on plans for collaboration between Free Schools and external partners. Free Schools should be devolved the funding currently used for Education Advisers once opened**
6. **When disposing of public sector land in areas of educational underperformance, the Government should make free schools the priority**

1
What was the Purpose of Free Schools?

"Swedish parents can choose an alternative school to their local one, including a diverse range of state-funded independent schools. Studies have found that schools in areas where there is more choice have improved most rapidly. In Florida, parents can choose an alternative school if their school has 'failed' in two of the last four years. Again, studies showed test scores improved fastest where schools knew children were free to go elsewhere…in England there are not yet enough good schools in urban areas; such restrictions are greatest for poor and middle class families who cannot afford to opt for private education or to live next to a good school, if they are dissatisfied with what the state offers. We believe parents should have greater power to drive the new system: it should be easier for them to replace the leadership or set up new schools where they are dissatisfied"

Tony Blair, writing the foreword to the 2005 White Paper
"Higher Standards, Better Schools for all"[4]

In 1955 Milton Friedman raised the concept of increasing parent choice alongside freedoms for individual schools, in order to create a competition within schools which he argued would address issues of educational underperformance.[5] Ever since then, the principles of greater choice and competition as mechanism for school improvement have been part of policymakers' toolkits and used by political parties across the spectrum – as well as in other areas of public policy. This has mostly focussed on greater choice (on the demand side) and competition (on the supply side) from within existing providers, with new provision being largely limited to areas with population growth. However, in other countries, notably Sweden and various states within the US, the concept of entirely new provision to raise standards took hold in the 1990s:[6]

- In 1992 the Swedish conservative government responded to public pressure and allowed providers to start their own (profit making) independent schools. These schools received government funding as long as they had no academic selection criteria, however the funding they received was less than if they were government schools and they were allowed to ask for parent contributions. At the same time Sweden introduced a voucher system where each child had a voucher for their education paid for by the government, which they were allowed to take to any public or private school. This replaced the earlier norm in Sweden where children would typically attend their closest school. In 1996 parent contributions were banned and per pupil funding was raised in the Free Schools so it matched other schools.

4 Department for Education, *"Higher Standards, Better Schools For All: more choice for parents and pupils"* (2005)

5 Milton Friedman *"Economics and the public interest"* (1955)

6 For an exhaustive history of the principles behind both Swedish Free Schools and US charters, and their inspiration behind the principle of new schools in England, see previous Policy Exchange work *"More Good Schools, Hands Up For School Choice, A Guide To School Choice Reforms",* and *"Blocking the Best"*

- Charter schools begun in the USA with a law in Minnesota in 1991 to allow new providers to be set up. The charter itself is a contract between an authoriser and the school operator, so for example the school district and the group who want to run the school. Once the operator has signed the contract, they are then given autonomy over the school for a set period of time. When the charter comes up for renewal, if the group who has been running the school have not delivered the standard of education set out in their charter, they might not have their charter renewed. Unlike other state funded schools in America, people can send their children to any charter school, places are typically allocated through lottery rather than location. As charter schools are accountable to the state, the funding and freedom they have differs widely between the different states.

The use of increased school freedom to address underperformance in schools was also supported by New Labour from the early 2000s through their Academies' programme, which in its latter stages also looked to ways of opening entirely new provision. By the end of Labour's term in government in 2010 there were two ways to open a new school:

- **Parent Promoted Maintained Schools.** This legislation allowed parents to petition central government to get a new school opened in their area if a) they had the support of the local authority, and b) there was not a surplus of school places in the area. These two innocent sounding criteria made opening one of these schools so challenging that only two were ever created: one took four years to open, the other nine. This was partly because Local Authorities were often not open to the idea of a new school, and partly because if an area had poor educational provision (especially in a big city), it typically led to parents moving across Local Authority boundaries, leaving a surplus of places in the area with underperforming schools. This was exactly what happened in Camden, as a high profile example. A parent group in the south of the borough petitioned for a new school because local provision was all poor. As a consequence of the poor provision, the local schools all had surplus places, because parents preferred to send their children to schools in different boroughs. There was therefore no identified place shortage in the area, and so parents were blocked from opening a Parent Promoted school[7]
- **New Academies:** these allowed entirely new providers to enter the system either via "new Academies starting from scratch in terms of pupils and teachers, or private schools coming into the state-funded sector by means of Academy legal status".[8] These included Mossbourne Academy, King Solomon Academy, Lambeth Academy and City of London Academy. In total, 16 of these new Academies were established by 2010, 13 of them in London and all secondary schools (2 all through.)[9]

In 2005, Tony Blair attempted to take the principle of autonomy further. In the introduction to his White Paper "Higher Standards, Better Schools for all", the Labour Government set out their intention to release all state schools free from Local Education Authorities, asserting that "the role of the local authority will change from provider to commissioner".[10] Blair also referred to Swedish Free

7 Geraldine Bedell *"Should parents set up their own state schools? Discuss"* The Guardian, 24 January 2010

8 Andrew Adonis *"Labour should support Free Schools – it invented them"* New Statesman, 15 March 2012

9 Department for Education, *"Open academies and academy projects awaiting approval"* (2014). There are 16 named open Academies that opened by September 2010 and who do not have a predecessor school URN, indicating that they are a new school (as opposed to a reopening under a different sponsor and name). In addition, as Adonis notes there were a number of independent schools who converted to the state sector and Academy status, such as Belvedere Academy in Liverpool, but these are not counted here.

10 Department for Education, *"Higher Standards, Better Schools For All: more choice for parents and pupils"* (2005)

Schools and American Charter Schools as models to look towards for the next steps in school reform in the foreword to the White Paper. However, such plans did not progress to fruition by 2010.

From the Conservative side, the 2001 Conservative manifesto was the first to explicitly refer to "Free Schools" as a principle for new provision:

> *"Conservatives will introduce "Free Schools". We will free every school in the country from bureaucratic control and allow them to shape their own character… Letting our best schools expand isn't enough. We want to see good new schools springing up."*[11]

In the late 2000s Michael Gove as Shadow Education Secretary began to build on this cross party education reform interest in the Free Schools in Sweden, and the charter school movement in the United States. Gove argued that school choice as a way to change a system which was unfair because large chunks of the population had only a range of underperforming schools to choose between when deciding where their children should be educated. Gove believed that opening education up by introducing new entrants was the best way to tackle this, not only because building new schools would create competition between schools by creating a surplus of places which would motivate schools to drive up standards and improve their provision, but also because improvement would then become grass roots led. Having a fixed number of schools and school places with limited competitive element meant that pressure to improve schools would always be top down (i.e. through programmes such as the National Challenge). Although the Academy movement had started the process of independent state schools driving improvements, Gove's argument was that it was still not easy enough to start a new school, and so the policy hadn't moved as quickly as it needed to.

From public speeches and documents at the time, and private interviews with key people around the Conservative education reforms at this time conducted for this report, it is clear that two related purposes drove the Conservatives' adoption of Free Schools for the 2010 manifesto.

> **❝**There was a clear understanding and belief that the creation of more school places would create a competitive market within schools**❞**

1. **Creating more choice, diversity, and competition to improve standards**
   There was a clear understanding and belief that the creation of more school places and wider school choice within communities would create a localised competitive market within schools. Gove's 2009 speech at the Royal Society of the Arts refers to *"parental choice, pluralism of supply, a diversity of schools"*[12]: the Free Schools policy for him and his team was about creating a diversity of provision in order to lead to grassroots reform and school improvement. In 2008 in the Independent Gove also set out how *"since they introduced their reforms, 900 new schools have been established in Sweden….those new providers have not only created schools with higher standards than before, the virtuous dynamic created by the need to respond to competition from new providers has forced existing schools to raise their game. There is a direct correlation between more choice and higher standards – with the biggest improvements in educational outcomes being generated in those areas with the most new schools"*.[13] In interviews for this work, the message was clear: *"the job [of] Free Schools was to innovate, to compete, to challenge*

11 The Conservative Party, *"Time for Common Sense: 2001 Conservative Party General Election Manifesto"* (2001)

12 Michael Gove, *"What is education for? Speech to the RSA"* 30 June 2009

13 Michael Gove *"We need a Swedish education system"* The Independent, 3 December 2008

preconceptions…the intention was really to bring on innovation, to challenge norms of doing things or expectations of the rest of the system"[14]

2. **Closing the socio-economic achievement gap**

The RSA speech also made clear that Free Schools were part of the general approach to using education to tackle inequalities. *"Of the 75,000 children on Free School meals each year… four out of ten fail to get even a single 'C' grade GCSE. Only 189 of these 75,000 go on to get three As at A Level – compared with the 175 three A's pupils produced by just one school, Eton."* In an interview with the Spectator,[15] Gove was clear that the charter school movement in the US was closing this gap for the most deprived communities. An interviewee for this work pointed us towards the 2007 Conservative Green Paper as a key text which talks of *"opening up the system to provide all parents with the sort of choice currently only the rich enjoy. The results [in Sweden} are that hundreds of new schools have been started. Thousands of children have been saved from failing schools and given a chance in life. In particular, thousands of children from the poorest areas have been able to escape failing state schools".*[16] The 2010 Conservative manifesto refers to Free Schools as *"a major part of our anti-poverty strategy"* and pledges to open *"new Academy schools in the most deprived areas of the country".*[17]

In addition to these two core purposes, as the election approached Free Schools also became part of the Big Society narrative. In a speech during the election campaign to a parent group in Kirklees campaigning to open a new school, David Cameron said *"We should be trusting local parents and we should be breaking open the state monopoly and saying if you want to set up a great new school, if you want to provide great state education come on in…"* There is some dispute as to the extent to which this was always the intention of the programme or whether it was more of a departure from Free Schools' more technical purpose. One interviewee told us that Free Schools could be *"dual purpose",*[18] both a technical way to raise school standards through creating choice, and a way to further the Big Society piece so local communities felt empowered to solve their local issues. But another interviewee told us that *"I certainly didn't believe in it, none of us really believed that parents would be the point…the ones that excited me were the chains, not the individual start up parent ones, and again in Sweden the ones who have been successful are the chains."*[19]

The significance of the intellectual and policy case for Free Schools before 2010 is of vital importance. It sets the truest test for assessing the impact of Free Schools to date; and considering how the programme should expand further.

14 Private interview

15 Fraser Nelson *"This Charming man: an audience with the Gove"* Spectator, 24 September 2008

16 Conservative Party, *"Raising the bar, closing the gap: an action plan for schools to raise standards, create more good school places and make opportunity more equal"* (2007)

17 Conservative Party, *"Invitation to Join the Government of Britain"* (2010)

18 Private interview

19 Private interview

2
The Impact of Free Schools

"We are also bringing in the dynamic of competition. This is what our Free Schools revolution is all about… Critics say we don't need new schools; we just need to make existing schools better. But this misses the point entirely. Free Schools don't just give parents who are frustrated with their local schools a new chance of a better education. They also encourage existing schools in the area to compete and raise their game." [20]

David Cameron, 9 September 2011

Free Schools impact so far

Free Schools have been controversial since their inception. Critics have charged that they have been a waste of money; that they have been socially exclusive; that they have often provided education which is worse than other schools; that they have taken money away from other local schools and areas; and that they are unaccountable and do not participate in their local communities.

There has however been relatively limited independent, rigorous analysis on the actual (as opposed to hypothesised) impact of Free Schools and much of that is constrained to focussing on input measures:

- **DfE** have produced some of their own research on Free Schools. These have shown that Free Schools are on average oversubscribed (with an average of 2.7 applications per place when looking at all parental preferences),[21] that the majority of Free Schools self-report being innovative in how they run their schools, and that the majority also self-report collaborating with other local schools.[22]
- **Ofsted's annual report** for 2013/14 concluded that it was too early to assess the performance of Free Schools but declared that "those inspected to date have a similar profile of inspection judgements to other schools and our inspections indicate that Free Schools succeed or fail for broadly the same reasons as all other types of school.[23]
- **The Education Select Committee** agreed with the Ofsted conclusion "that it is too early to draw conclusions on the quality of education provided by Free Schools or their broader system impact."[24]
- **The National Audit Office** conducted an assessment of the value for money of the Free Schools programme in 2013 (so assessing the quality of the application process rather than the performance of individual schools). It concluded that the Department has "achieved clear progress on a policy priority"; that the focus initially had been more on opening schools at pace rather than establishing value for money; and that the Department would need to exert greater cost control over the programme as a whole in later years.[25]

20 David Cameron speech In Norwich, 9 September 2011. Accessed here www.politics.co.uk/comment-analysis/2011/09/09/david-cameron-s-education-speech-in-full

21 Department for Education, *Free Schools applications and places*, (2014)

22 Department for Education, *Are Free Schools using innovative approaches?* (2014)

23 Ofsted, *"Annual Report 2013/14: Schools"*, (2014)

24 House of Commons Education Committee *"Academies and Free Schools: Fourth report of session 2014-15"* (2015), para 191

25 National Audit Office, *"Establishing Free Schools"* (2013)

- **Rob Higham from the IoE**, looked at the groups setting up Free Schools. He concluded that on average groups who were successful drew predominantly from more advantaged communities and professional backgrounds, and these were not groups who were as willing to operate in disadvantaged communities as other groups who were less successful in navigating the DfE approval process.[26]
- **Green, Allen and Jenkins from the IoE** undertook a study which looked at the social composition of Free Schools after three years of the programme. They concluded that the government was right to predict that Free Schools would emerge in more deprived neighbourhoods. However, within these neighbourhoods, Free Schools themselves are close to average or very slightly better off than average. Free Schools are also taking children with higher prior attainment, and with much higher proportions of non-white students than nationally or in local neighbourhoods.[27]

> "There has been limited independent, rigorous analysis on the actual (as opposed to hypothesised) impact of Free Schools"

- **Morris at Birmingham** has shown that the majority of the first two waves of Free Schools are admitting pupils in full accordance with the admissions code but using a diverse range of criteria and only a minority are using admissions in an active sense to counteract the segregation which the author shows exists with regard to all schools, specifically banding or priorities to pupil premium pupils. Further research shows how schools with 'alternative' or specialist curricula (such as Montessori, Steiner or bilingual schools) and religious schools are tending to underrepresent disadvantaged children in their intakes.[28]

However, this research, in looking across the Free School landscape generally, does not always look at outcome measures, focussing instead on input measures – how much have places costs, who sets them up, who goes there. This is largely because of the absence of many measurements of Free School effectiveness. The only measures that exist are Ofsted reports for all schools open at least two years, and a very small number of results from Free Schools at Key Stage 4:

- As of September 2014, 62 Free Schools had been inspected. DfE's statistical release demonstrates how such schools are twice as likely as all schools under the same framework to be rated Outstanding, but points out that the sample size is small, and that importantly *"the sample of [all] schools inspected by Ofsted is not representative of all schools: outstanding and good schools are under-represented, whilst those requiring improvement or inadequate are over-represented. The findings cannot be interpreted as a balanced view of the quality of education nationally"*.[29] In other words, comparing Ofsted grades of Free Schools to all schools over a similar time period does not produce a reliable judgement of quality either for the benefits or weaknesses of Free Schools.
- There have been nine Free Schools with GCSE results and seven schools with AS level or A Level results. However, these have either been sixth form Free Schools where students have spent the majority of their education outside the school, or independent schools converting to Free School status. It is therefore not possible to draw any real conclusions – positive or negative – as to the effects of Free Schools from these results so far. The first 'true' set of external results will come in 2015/16 when the secondary Free Schools which opened in September 2011 have their frontier cohort sit their GCSEs.

26 Higham, *"Free Schools in the Big Society: the motivations, aims and demography of free school proposers"* (2013)

27 Green, Allen and Jenkins, *"Research Briefing Summary: The Social Composition of Free Schools after Three Years"* (2014)

28 Morris, *"Free Schools and disadvantaged intakes"* British Educational Research Journal, January 2015, and *"The admissions criteria of secondary Free Schools"*, (2014)

29 Department for Education, *"Free Schools: Ofsted inspection grades"*, September 2014

The impact of competition on schools

There has been extensive academic research into the effects of increasing school freedoms and competition on education systems as a whole. Some have shown positive benefits:

● Hoxby (2004) studied the effect of elementary charter schools on reading and mathematics proficiency by comparing their achievement with those of nearby schools with similar racial composition. This found that charter students are 5.2% more likely to be proficient in reading, and 3.2% more likely to be proficient in maths. She also found that the longer a charter school had been operating the more successful it was, and that it helped students most if they were poor or Hispanic.[30]

● Card et al. (2010) found significant positive impact on test score gains in Ontario public schools, based on competition created by Catholic schools in areas with increased Catholic populations. They estimated that the competitive effect in these areas with higher Catholic populations raised scores in 6th grade by 6-8% of a standard deviation[31]

● Hoxby, Muraka and Kang (2009) found pupils attending the New York City charter schools had significant positive effects. A student who attended a charter school from K-8 would close about 86% of the "Scarsdale-Harlem achievement gap" in maths and 66% of the gap in English. There was direct correlation between time spent at charter school and improvements. This was attributed to charter schools having a long school year, more English curriculum, a small reward and penalty behaviour system, an academically focused mission statement, and performance related pay for teachers[32]

● Dobbie and Fryer's (2009) analysis of the effect of schools in the Harlem Children's Zone on the racial achievement gap showed a positive benefit from children selected by lottery to attend the charters in the Zone. It showed the greatest benefit for the poorest minority children. It found the middle school closed the black-white achievement gap in mathematics and reduced it by almost half in English. In elementary school it found that the racial achievement gap was closed in both subjects. Although other aspects of "the zone" would have assisted this, it concluded that the schools must have played a large part[33]

● Angrist et al's (2010) analysis of the Knowledge is Power Programme (KIPP) charter schools in Lynn, Massachusetts concluded that despite the school's high concentration of students with limited English proficiency and special educational needs, each year at KIPP Lynn led to overall gains of 0.35 standard deviation in mathematics and 0.12 standard deviations in reading. Students with limited English proficiency and special educational needs made more progress per year than the other students[34]

● Gibbons et al (2006) found school choice and competition had some competitive effect, but only for church schools and mainly for the poorest children. The authors attribute this to the increased autonomy these schools have versus community schools.[35]

● Gibbons and Silva (2008) also found that in England secondary schools were more effective in urban areas because there was greater competition and school choice than in remote rural areas. They found there were small but signification benefits from being educated in a school in a more densely

30 Hoxby, *"Achievement in charter schools and regular public schools in the United States: understanding the differences"* (2004)

31 Card, Dooley and Payne, *"School competition and efficiency with publicly funded Catholic schools"* (2010)

32 Hoxby, Murarka and Kang, *"How New York City's Charter schools affect achievement"* (2009)

33 Dobbie and Fryer, *"Are high quality schools enough to close the achievement gap? Evidence from a social experiment in Harlem",* (2010)

34 Angrist, Dynarski, Kane, Pathak and Walters, *"Inputs and impacts in charter schools: KIPP Lynn"* (2010)

35 Gibbons, Machin and Silva, *"Competition, choice and student achievement"* (2006)

urbanised setting. The study found that pupils in schools in relatively dense places progressed faster than others in their cohort, and attributed this to increased inter-school competition and greater school choice.[36]

Some by contrast have shown no effect or negative effect:

- Hsieh and Urquiola (2006) found introducing a radical voucher system which opened up school choice in Chile had no effect on educational outcome. The only impact it had was that the best students left the pubic school system for the private schools.[37]
- Bohlmark and Lindhal (2008) analysed the effects of the Swedish voucher reform which was implemented in 1992. They focused on the results in the ninth year of school. They found some moderately positive short term academic effects, but no lasting effects in the medium or long term.[38]

Much of the competitive benefit depends on the particular local circumstances. The general evidence for operating choice and competition in public service markets suggests factors which need to be present for effective benefits to flow[39] include simple comparison information, an excess of supply, an ability to ration demand, the need for failing providers to exit the market, and funding that follows the individual but is weighted so as not to drive perverse incentives.

In a school context, this means we would expect to see competition drive up standards overall where schools are competing most strongly for pupils. The hypothesis behind Free Schools – as set out in the quote from Cameron above – is that a new provider enters the local market and offers an alternative choice for parents. Assuming sufficient numbers of parents choose this new option and the funding follows them, and this shift in funding away from existing providers is sufficient to cause consequences, existing schools will be required to make a competitive response (via either raising standards or the creation of some other form of offer which is attractive to pupils – i.e. a stronger extracurricular programme) in order to recruit sufficient parents / pupils in the future to remain financially viable. This raising of standards in existing schools results in a positive overall competitive effect (sometimes known as a positive spillover effect). An alternative hypothesis is that a new entrant makes existing providers unviable or in other ways hampers their performance (by for example making it harder to recruit teachers or run a full curriculum on fewer pupils and resources). In this scenario, existing providers would likely see a diminishment of their results, and competition would lead to a negative effect.

> **"The hypothesis behind Free Schools is that a new provider enters the local market and offers an alternative choice for parents"**

What has been the competitive effect to date of English Free Schools?

This report sets out for the first time some analysis on the performance of local schools where a new Free School has opened.

In order to identify any possible competitive effects of Free Schools, this report constructed a dataset of the three geographically closest 'similar' schools

36 Gibbons and Silva, *"Urban density and pupil attainment"* (2006)

37 Hsieh and Urquiola, *"The effects of generalized school choice on achievement and stratification: Evidence from Chile's voucher program"* (2006)

38 Bohlmark and Lindahl, *"Does school privatisation improve education achievement? Evidence from Sweden's voucher reform"* (2008)

39 OFT, *"Choice and Competition in Public Services A guide for policy makers"* (2010)

within the same Local Authority to each of the 171 relevant Free Schools open so far, e.g. 513 schools.[40] This uses increases in the primary and secondary headline measures of % of pupils achieving Level 4 at key Stage 2 and % of pupils achieving 5 GCSEs A*-C including English and maths as the metrics for comparison before and after a Free School is announced or opened near to them. The tables below show the changes between the year a Free School is approved and the most recent results from summer 2014.[41] The results are set out below.

It should be obvious – but bears setting out explicitly – that such data cannot demonstrate conclusively that any changes seen are as a response to the new Free School. A school appointing a new Head; a change to Academy status; a glut of teachers leaving; a financial crisis – all of these can affect an individual school for better or worse. It should also be remembered that sample sizes in some of these categories is quite small, and correlation should not be mistaken for causation. Nevertheless, across the sample of closest schools as a whole, before and after the approval and opening of a Free School, it is possible to discern some trends.

Overall performance

Table 2.1: Percentage point changes in national results for primary closest schools compared to home Local Authority and national results

Progress from year of approval until 2014

Approval year	Opening year	Closest schools	Progress of home Local Authority	National progress
2010	2011	3 ppts*	6 ppts*	5 ppts*
2011	2012	5 ppts	6 ppts	5 ppts
2012	2013	4 ppts	3 ppts	4 ppts
2013	2014	3 ppts	4 ppts	3 ppts

*25% of all primary schools boycotted Key Stage 2 exams in 2010, so there are gaps in this data set

Table 2.2: Percentage point changes in national results for secondary closest schools compared to home Local Authorities and national results

Progress from year of approval until 2014

Approval year	Opening year	Closest schools	Progress of home Local Authority	National progress
2010	2011	10 ppts*	2 ppts	2 ppts
2011	2012	-1 ppts	-2 ppts	-1 ppts
2012	2013	-2 ppts	-2 ppts	-2 ppts
2013	2014	-3 ppts	-4 ppts	-4 ppts

*Only five secondary Free Schools opened in 2011, so this data set is considerably smaller than other years

40 This dataset included all mainstream primary and secondary Free Schools which opened in 2011, 2012, 2013 and 2014. Special Free Schools, AP Free Schools and all through Free Schools were excluded from the sample. That gave a relevant sample of 171 out of the 255 schools open to date. To define 'similar' schools we matched by phase within the state sector – secondary to secondary or primary to primary. Independent schools were excluded from the comparison as were special and AP schools. For the purposes of the paper these local comparator schools are henceforth defined as 'closest schools'

41 Changes to GCSE data in 2014 has led to some changes to the overall picture of educational attainment and led to many arguing that the 2014 results cannot be compared longitudinally to performance in previous years. This report was required to make a judgement call as to whether to include 2014 data or stop at 2013 data. In the end, the main findings here include 2014 data. This is because using 2014 data allows for the inclusion of one more cohort of Free Schools and their impact on closest schools, as well as provides another year's worth of data for all closest schools next to open Free Schools. **However, in order to be entirely open in this process, all the tables of analysis in this chapter are reproduced using 2013 data in appendix 3 for easy comparison.** It should be noted that the findings are substantially the same

At primary overall, the picture is of minimal difference when comparing progress of closest schools to others. At secondary overall, there is more of an impact – closest schools have either matched or outperformed both Local Authority and national levels of progress every year since 2010.

Such data is interesting, but ultimately limited. As noted above, the specific goal of the Free Schools programme was to raise standards via competition and address low levels of educational performance. So this report asked three further questions, based on the fundamental premise of Free Schools as designed by the Conservatives before 2010:

- Is there a particular effect from the approval of a Free School in areas where there are low levels of educational performance?
- Is there a particular effect from the approval of a Free School in areas where there are surplus places?
- Is there a particular effect from the approval of a Free School in poorer areas?

Educational performance

Finding No 1: In every year (except for the small number of primary Free Schools approved in 2010), the opening of a Free School is associated with substantial gains in performance of the lowest performing schools nearby, above and beyond national gains in similar schools. At secondary level, this benefit is shown wider, and is seen in all schools with below average results.

Primary

Table 2.3: Percentage point changes in national results for primary closest schools by quartile of performance

Progress from year of approval until 2014

Approval year	Opening year	National	Closest Schools	Of which			
				Quartile 1 (highest performance)	Quartile 2	Quartile 3	Quartile 4
2010	2011	5 ppts	3 ppts	-4 ppts	8 ppts	8 ppts	7 ppts
2011	2012	5 ppts	5 ppt	-2 ppts	1 ppt	4 ppts	13 ppts
2012	2013	4 ppts	4 ppts	-1 ppt	0 ppt	6 ppts	10 ppts
2013	2014	3 ppts	3 ppts	-6 ppts	1 ppt	2 ppts	12 ppts

Table 2.3 shows that overall, the closest schools to primary Free Schools perform more or less in line with national trends in every year that schools have opened. However, when looking at the impact on schools by their relative performance, a real pattern starts to emerge. **When primary Free Schools are opened in areas of educational need, schools around them make substantially more progress than the national average.** Conversely, higher performing schools make less progress and the very highest drop back.

Figure 2.1: Percentage point changes in national results in closest primary schools by quartile of educational performance, from year of approval to 2014
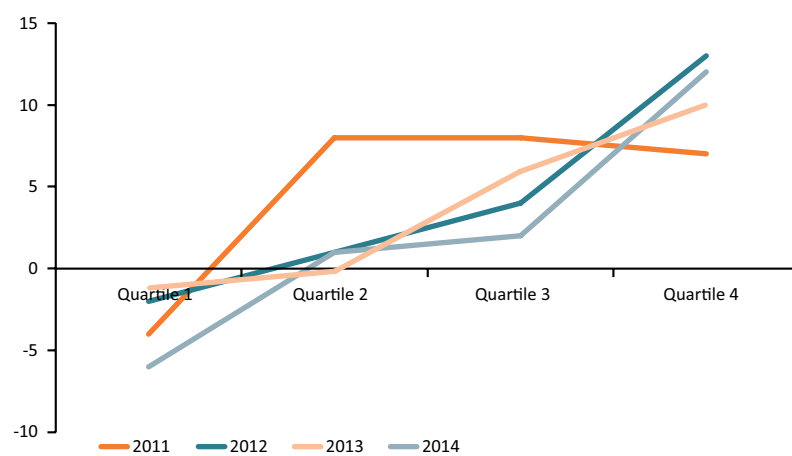
This is a powerful finding. But it begs a further question – might all lower primary performing schools be expected to make greater progress overall, as they start from a lower base? So the final analysis was to look at progress made nationally by schools in all quartiles of performance over the same time period, to act as a control. The results are below.[42]

Table 2.4: Percentage point changes in results nationally and for closest primary schools, by quartile of performance

Approval year	Opening year		Change from year of approval to 2014			
			Quartile 1 (highest performance)	Quartile 2	Quartile 3	Quartile 4 (lowest performance)
2010	2011	Closest schools	-4 ppts	8 ppts	8 ppts	7 ppts
		Nationally	2 ppts	5 ppts	6 ppts	8 ppts
2011	2012	Closest schools	-2 ppt	1 ppt	4 ppts	13 ppts
		Nationally	1 ppt	4 ppts	6 ppts	8 ppts
2012	2013	Closest schools	-1 ppt	0 ppt	6 ppts	10 ppts
		Nationally	2 ppts	4 ppts	5 ppts	5 ppts
2013	2014	Closest schools	-6 ppts	1 ppt	2 ppts	12 ppts
		Nationally	1 ppt	3 ppts	4 ppts	4 ppts

42 The closest schools were removed from the national figures to avoid double counting schools. This analysis measured national progress by taking the mean score for the performance data of schools from that phase in each quartile of performance and measured the increase or decrease in those mean scores for every year between that year and 2014, and compared it to progress made by closest schools over the same period

This table shows that other than the small group of Free Schools who were approved in 2010, closest schools have outperformed the national growth for the most deprived quartile of schools in every year. In other words, lower performing schools make even more progress than we might otherwise

expect amongst their peers when they have the added effect of a Free School opening next to them. Conversely, the presence of a Free School appears to show a decline in the highest performing schools against what we see nationally when a Free School does not open.

This is shown in graph form below. For simplicity's sake, the data is split out into four graphs, showing progress made by closest schools for each cohort of Free Schools through from their year of approval until 2014, against national progress over the same period of time:

Figure 2.2: Percentage point changes in national results and closest primary schools by quartile of performance from 2010 to 2014

Figure 2.3: Percentage point changes in national results and closest primary schools by quartile of performance from 2011 to 2014

Figure 2.4: Percentage point changes in national results and closest primary schools by quartile of performance from 2012 to 2014

Figure 2.5: Percentage point changes in national results and closest primary schools by quartile of performance from 2013 to 2014
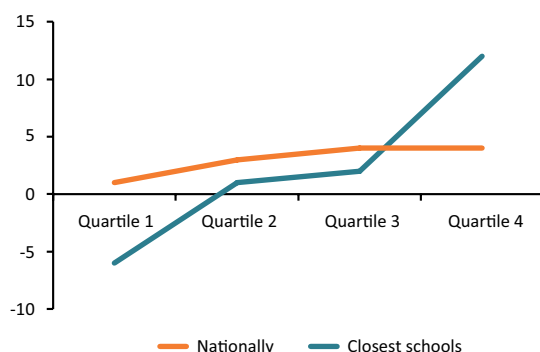
Secondary

**Table 2.5: Changes in national results for secondary closest schools by quartile of performance**

Progress from year of approval until 2014

Approval year	Opening year	National	Closest Schools	Of which			
				Closest schools in Quartile 1 (highest performance)	Closest schools in Quartile 2	Closest schools in Quartile 3	Closest schools in Quartile 4
2010	2011	2 ppts	10 ppts	-1 ppts	17 ppts	25 ppts	8 ppts
2011	2012	-1 ppts	-1 ppts	-7 ppts	-7 ppts	2 ppts	4 ppts
2012	2013	-2 ppts	-2 ppts	-4 ppts	-6 ppts	-1 ppt	3 ppt
2013	2014	-4 ppts	-3 ppts	-5 ppts	-6 ppts	-1 ppt	-1 ppt

Table 2.5 replicated the findings from table 2.3 for secondary schools, showing that in **all cohorts other than the small number of 2011 openers, gains in closest schools are highly concentrated in lower performing local schools.**

Figure 2.6: Percentage point changes in national results in closest secondary schools by quartile of educational performance, from year of approval to 2014
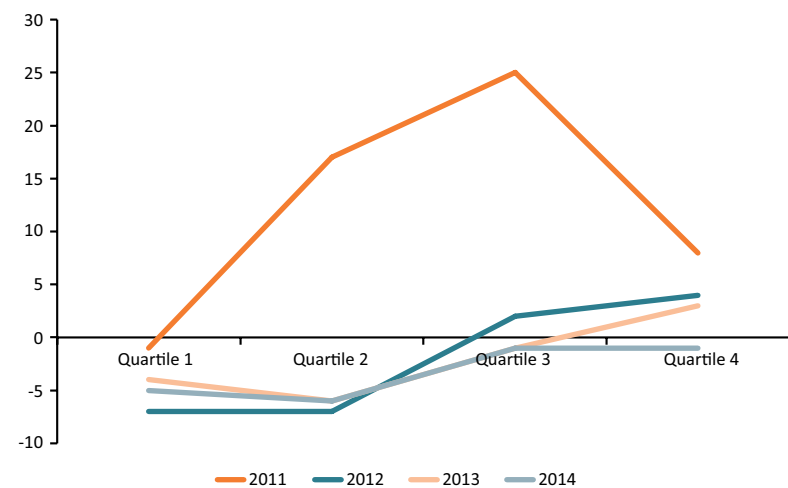
As with primary, the table and graphs below then break down this progress against national progress by quartiles over the same time period:

Table 2.6: Percentage point changes in results nationally and for closest secondary schools, by quartile of performance

Approval year	Opening year		Quartile 1 (highest performance)	Quartile 2	Quartile 3	Quartile 4 (lowest performance)
2010	2011	Closest schools	-1 ppt	17 ppts	25 ppts	8 ppts
		Nationally	-1 ppt	0 ppt	1 ppt	-1 ppt
2011	2012	Closest schools	-7 ppts	-7 ppts	2 ppts	4 ppts
		Nationally	-2 ppts	-2 ppts	-2 ppts	-5 ppts
2012	2013	Closest schools	-4 ppts	-6 ppts	-1 ppt	3 ppt
		Nationally	-1 ppt	-2 ppts	-3 ppts	-5 ppts
2013	2014	Closest schools	-5 ppts	-6 ppts	-1 ppt	-1 ppt
		Nationally	-2 ppts	-4 ppts	-5 ppts	-6 ppts

Figure 2.7: Percentage point changes in national results and closest secondary schools by quartile of performance from 2010 to 2014
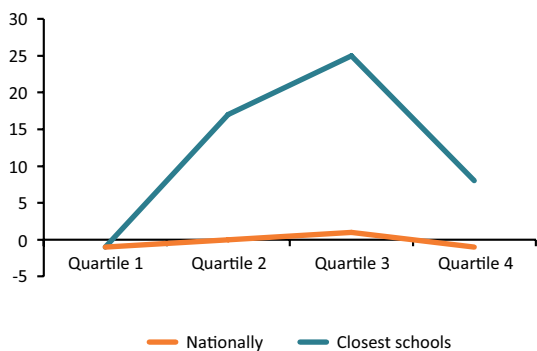
Figure 2.8: Percentage point changes in national results and closest secondary schools by quartile of performance from 2011 to 2014
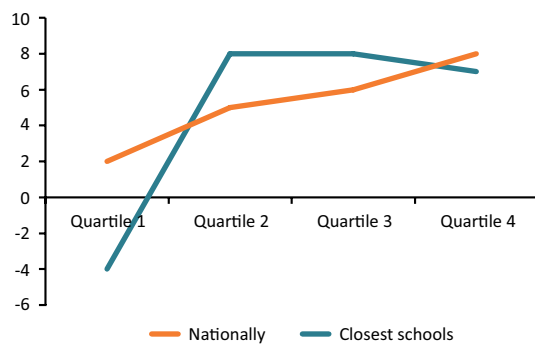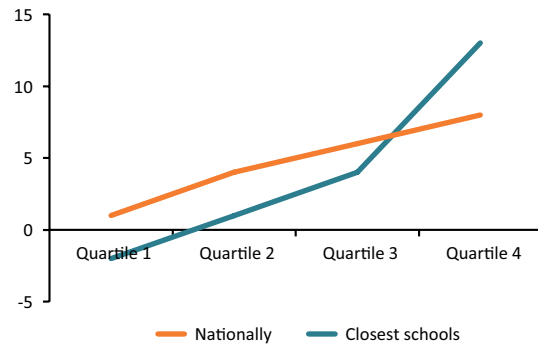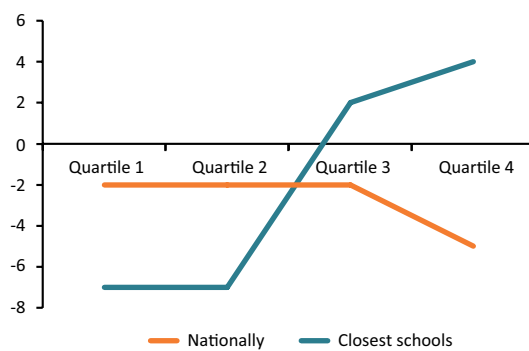

Figure 2.9: Percentage point changes in national results and closest secondary schools by quartile of performance from 2012 to 2014
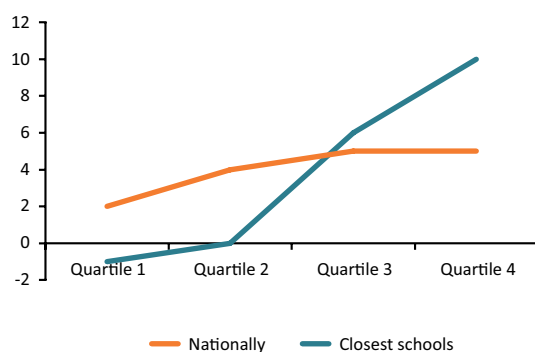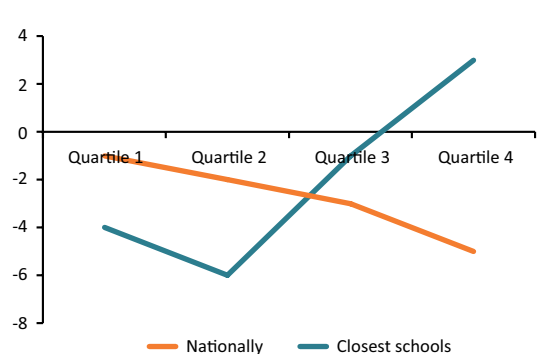

Figure 2.10: Percentage point changes in national results and closest secondary schools by quartile of performance from 2013 to 2014
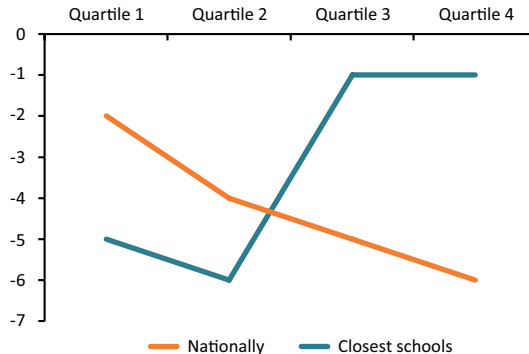
These graphs confirm the findings from primary – in every year (although bearing in mind the 2011 openers is a very small cohort), the most deprived closest secondary schools to a new Free School make significantly greater progress than their peers where a Free School is not opening. At secondary level, this effect also occurs for the third quartile of performance. **In other words, all below average secondary schools perform better when they have a Free School next to them for every year in which the Free School programme has been running.**

School surplus places

Finding No 2: **other than in 2013 openers, primary schools with surplus places improved faster than those in areas of basic need. There is almost no pattern looking at the performance of secondary schools by school capacity**

The second issue looked at was whether there is a differential performance depending on whether the closest schools had surplus places or were over full / in excess of their PAN. As this is a binary indicator, this report categories schools in this way rather than in quartiles.

Table 2.7: Percentage point changes in national results for primary closest schools by whether a school has basic need or surplus school places

Progress from year of approval until 2014

Approval year	Opening year	National	Closest Schools	Of which	
				Closest schools with Basic Need	Closest schools with surplus places
2010	2011	5 ppts	3 ppts	1 ppts	4 ppts
2011	2012	5 ppts	5 ppts	2 ppts	6 ppts
2012	2013	4 ppts	4 ppts	3 ppts	4 ppts
2013	2014	3 ppts	3 ppts	5 ppts	3 ppts

Figure 2.11: Percentage point changes in closest primary schools by whether they are oversubscribed or have excess capacity from year of approval to 2014
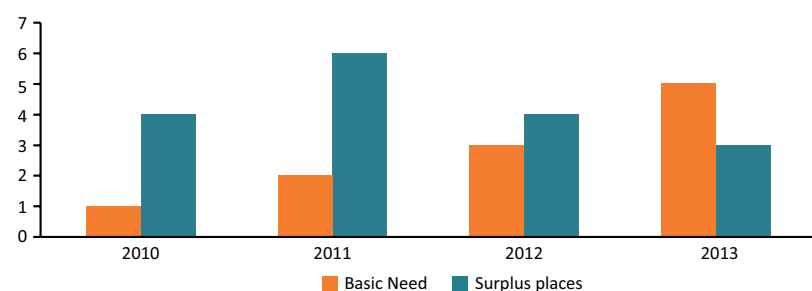
Table 2.8: Percentage point changes in national results for secondary closest schools by whether a school has basic need or surplus school places

Progress from year of approval until 2014

Approval year	Opening year	National	Closest Schools	Of which	
				Closest schools with Basic Need	Closest schools with Surplus places
2010	2011	2 ppts	10 ppts	10 ppts	9 ppts
2011	2012	-1 ppts	-1 ppts	-4 ppts	0 ppts
2012	2013	-2 ppts	-2 ppts	-1 ppts	-2 ppts
2013	2014	-4 ppts	-3 ppts	1 ppts	-4 ppts

Figure 2.12: Percentage point changes in closest secondary schools by whether they are oversubscribed or have excess capacity from year of approval to 2014
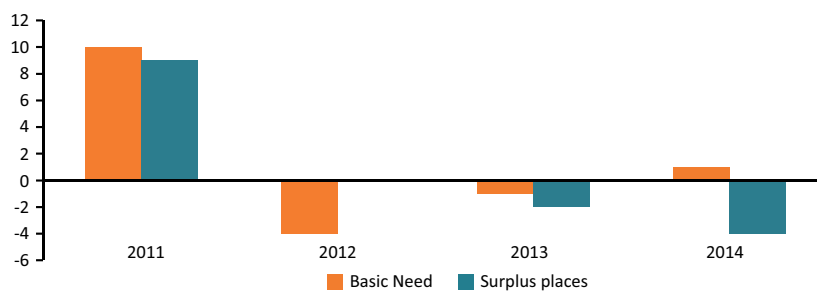
The tables and graphs show that for the first three years of the programme, schools with surplus places in primary schools made swifter progress (or the same) than their peers with basic need. At secondary level, the pattern is much more unclear.

Socio economic status

Finding No 3: Primary schools which have the highest levels of poverty improve faster than the most affluent ones. **However rates of improvement are inconsistent across the middle quartiles. There is no strong pattern at secondary level.**

Table 2.9: Percentage point changes in national results for primary closest schools by quartile of poverty

Progress from year of approval until 2014

Opening year	National	Closest Schools	Of which			
			Closest schools in Quartile 1 (Lowest FSM)	Closest schools in Quartile 2	Closest schools in Quartile 3	Closest schools in Quartile 4
2011	5 ppts	3 ppts	3 ppts	-3 ppts	-3 ppts	9 ppts
2012	5 ppts	5 ppt	4 ppts	3 ppt	3 ppts	6 ppts
2013	4 ppts	4 ppts	9 ppts	3 ppts	1 ppts	6 ppts
2014	3 ppts	3 ppts	-4 ppts	12 ppts	5 ppts	0 ppts

Figure 2.13: Percentage point changes in national results for primary closest schools by quartile of poverty from year of approval to 2014

Table 2.10: Percentage point changes in national results for secondary closest schools by quartile of poverty

Progress from year of approval until 2014

Opening year	National	Closest Schools	Of which			
			Closest schools in Quartile 1 (Lowest FSM)	Closest schools in Quartile 2	Closest schools in Quartile 3	Closest schools in Quartile 4
2011	2 ppts	10 ppts	0 ppts	18 ppts	8 ppts	8 ppts
2012	-1 ppts	-1 ppt	-7 ppts	-4 ppts	1 ppts	1 ppts
2013	-2 ppts	-2 ppts	-1 ppts	-2 ppts	-3 ppts	-2 ppts
2014	-4 ppts	-3 ppts	-1 ppts	-3 ppts	-5 ppts	-2 ppts

Figure 2.14: Percentage point changes in national results for secondary closest schools by quartile of poverty
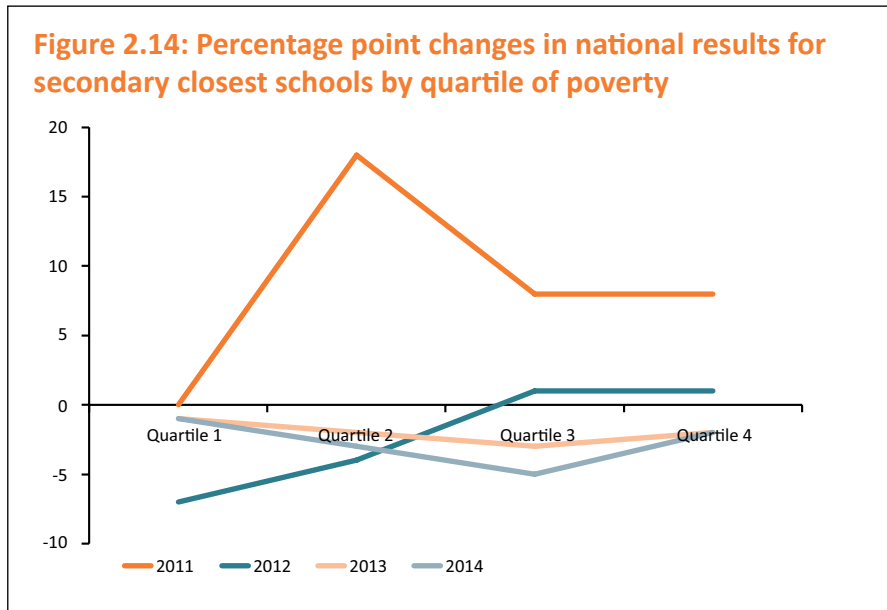
The graphs and tables above show that (other than 2013) the most socio economically deprived primary schools which have a Free School close to them improve by a faster rate than schools that are the most affluent. However, the pattern is not consistent amongst the middle two quartiles. At secondary level, there is even less of a pattern and no real conclusions can be drawn.

In conclusion, the data suggests, for the first time, evidence of the wider effect which is taking place at the time that new Free Schools are opening in local communities. Free Schools are helping to raise standards not just for the pupils who attend them but for other pupils across the local community – especially for those in lower performing schools:

● In every year (except for the 16 primary Free Schools approved in 2010), the opening of a Free School is associated with substantial gains in performance of the lowest performing primary schools nearby, above and beyond national gains in similar type of schools.

● At secondary level, this effect goes even wider, with an open Free School being associated with increases above national increases for all secondary schools with below average results in every year from 2011 to 2014.

● Primary schools with surplus places show a bigger increase in results than schools which are oversubscribed in every year apart from those approved in 2013. There is less of a discernible pattern by surplus places at secondary level.

● High poverty primary schools which have a Free School next to them improve faster than more affluent primary schools, but the pattern is inconsistent in the middle of the distribution. There is almost no pattern at secondary.

This data further suggests that many of the criticisms levelled at Free Schools do not have a basis in fact:

● Overall, Free Schools do <u>not</u> drag down results of neighbouring schools by causing oversupply or spreading resources too thinly. In aggregate, schools

closest to Free Schools perform in line with national results at primary and better than either their Local Authority or national average at secondary.

- Free Schools do <u>not</u> only benefit the middle class. High poverty schools close to Free Schools perform better than more affluent schools close to Free Schools. And the strongest spillover effects are seen amongst the gains made by the lowest performing schools.
- Competition from Free Schools <u>does</u> seem to be driving a response. As above, the strongest response is amongst the lowest performing schools.
- Free Schools are <u>not</u> taking money away from where schools are 'needed'. Between 2010 and 2015 they have contributed to alleviating basic need in many Local Authorities.
- However, there is no clear educational rationale for just limiting Free Schools to areas where there is a need for new schools. To the extent that such a pattern exists, the effects of a new Free School are felt more where local schools have surplus places, because of the competitive effect that it generates. Moreover, such areas of basic need tend on aggregate to be higher performing areas, and as such the effects of Free Schools in such places would be to offer greater benefits to these higher performing areas and pupils.

Such conclusions of a positive area wide effect are also supported by self-reported impacts of Free Schools from the Heads of Free Schools themselves. The Department of Education's recent research report on Free Schools reported that 72% of Free School Headteachers believe that they have an impact on the local schools, with a third thinking local standards are improving through competition, and a third believing they are improving through collaboration. Instances quoted include:[43]

- *"Since opening our school, the enhanced competition has resulted in standards in the local area rising. One head of a local school has openly stated at a headteachers' meeting that the opening of our school made him re-evaluate his provision and raise attainment at GCSE by 25%."*
- *"Our local primary school has made some significant improvements to operations, with the development of an activities hour at the end of each school day and an after school care facility being set up to support working parents. The extra-curricular provision had been a key strength of our Free School and we believe there is a clear desire for this local school to replicate our model to attract pupils. It has also been notable that this school's academic performance has improved since we opened, with a significant rise in pupil achievement in SATs."*
- *"They have been a bit more aggressive in their marketing, and replicated how we structure the end of our school day."*
- *"A new sixth form school has been built on a near-indistinguishable model whilst other local providers have, at a minimum, started stressing their offer for more able students and in some cases assembling one from scratch."*
- *"From the start we had a policy of not teaching students MFL until they had caught up in their English. Other local schools have now started to do this."*

If Free Schools can be demonstrated to have an impact not just for their own pupils (assuming provision is good) but driving positive spillover benefits across their local community, then this is a powerful argument for their continued roll out and expansion. But it is also an argument for considering where – within

an overall demand led system – Free Schools can be particularly encouraged and supported, alongside an ongoing role in meeting basic need. The evidence of this chapter suggests that is in areas of low educational performance.

3
Where could Free Schools Maximise their Impact?

"Free Schools will enable excellent teachers to create new schools and improve standards for all children…The new Free Schools will also be incentivised to concentrate on the poorest children by the introduction of this government's pupil premium. In this country, too often the poorest children are left with the worst education while richer families can buy their way to quality education via private schools or expensive houses. By allowing new schools we will give all children access to the kind of education only the rich can afford."

Michael Gove MP, announcing the introduction of the first wave
of applications to open Free Schools, 18 June 2010[44]

Chapter 2 showed the potential for Free Schools to act to improve standards across a local area and amongst existing schools, where such schools are performing at low standards. Recognising that the programme will always ultimately be demand led, this chapter explores firstly where such areas are, and then looks at where Free Schools have in fact been set up.

Defining educational need

There is a long running discussion about the usefulness of threshold measures versus value add measures in education. Both clearly have their place in different elements of looking at the impact of schools, and this report recognises – for example – the importance of Ofsted judgements in making a broader judgements about the effectiveness of schools. However, when it comes to school improvement, this report argues that threshold attainment is ultimately important. A student who arrives at secondary school on the P scale in maths has done tremendously well if they achieve D grades in their GCSE maths exam for example and the school should be recognised. However a student with a D will still be unable to access maths A level, and will struggle to get a job in many sectors regardless of the amount of progress they have made through school.

This emphasis on ultimate threshold attainment has been the rationale behind a series of system wide school improvement programme in the past, under governments of both political stripes – including most recently National Challenge, which recognised that regardless of circumstances, there were a cadre of low performing schools that needed to improve and deliver better outcomes. Similarly, sponsored Academy status since 2002 has recognised the benefit in certain circumstances of identifying schools that are underperforming and do not have the capacity to improve, and bringing in other schools and leadership teams who do have the capacity to reach thresholds.

The table below shows the ten lowest performing Local Authorities in summer 2014 on the headline threshold figures at Key Stage 2 and Key Stage 4. This is Local Authority data rather than school data, so certain high performing schools in each of the Authorities will have outperformed these averages.[45] Nevertheless, across the area as a whole, these are the communities where fewest pupils achieve the minimum standards expected of them and which are needed for them to flourish in later life. Based on the evidence to date in chapter 2, these areas, this report argues, are priorities for looking where Free Schools could be opened to offer potential for raising standards across the area.

Table 3.1: 10 lowest performing Local Authorities in 2014 exams in primary and secondary schools

Secondary	5 A* to C at GCSE incl. E&M	Primary	% L4+ in KS2 E&M
ENGLAND	**56.8**	**ENGLAND**	**79**
Knowsley	35.4	Luton	70
Blackpool	44.0	Rutland	71
Bradford	44.0	Poole	72
Nottingham	44.6	Walsall	73
Kingston upon Hull	44.7	Bradford	73
Isle of Wight	45.2	Peterborough	73
Wolverhampton	46.4	Bedford*	74
Barnsley	47.1	Doncaster*	74
Middlesbrough	47.2	Norfolk*	74
Salford	47.3	Plymouth*	74

* There are a further 2 Local Authorities with identical levels of L4 attainment at Key Stage 2 in 2014: Suffolk and Wakefield

Occasionally, two other criteria are used for identifying areas of weak provision and for identifying where Free Schools should be set up. These are:

- Area wide poor Ofsted results
- Poor performance by deprived (FSM) students

However, the analysis below shows that **these two criteria are weak criteria for identifying where the greatest need is.** If Government of any stripe is serious about focussing on area wide underperformance, and using Free Schools as a tool to help this, then such criteria should not be used.

Ofsted criteria

The Department for Education defines educational need as being measured by "the number of weak existing schools"; a weak school in turn is defined as one which Ofsted has graded as "requires improvement or inadequate".

There are two issues with using this as a measure. The first is concerns about the validity of any individual Ofsted judgement, as set out in previous Policy Exchange work.[46] The second, more pertinent issue, is that Ofsted assesses more

45 For example, at secondary level Feversham College in Bradford achieved 74% 5 GCSEs A*–C including English and maths, and Macmillan Academy in Middlesbrough achieved 69%. At primary level, Tennyson Road Primary School in Luton achieved 100%, and Auckley School in Doncaster achieved 96% Level 4 inc English and maths

46 Policy Exchange *"Watching the watchmen"* (2014)

than just educational threshold attainment in its framework, hence schools which are still delivering low levels of attainment at 11 or 16 can still be rated as high performing if their value add (measured by pupil progress or more holistically) is significant.

> "The ten lowest performing Local Authorities have wildly differing levels of schools rated Good or Outstanding by Ofsted"

Whilst this is defensible as part of the wider overall function of Ofsted as a regulator of school quality, the result is that Ofsted grades represent a poor proxy for low threshold attainment at either 11 or 16. The ten lowest performing Local Authorities have wildly differing levels of schools rated Good or Outstanding by Ofsted, particularly at primary:

Table 3.2: Ofsted grading and end of Key Stage results for the 10 lowest performing Local Authorities in 2014 exams

Secondary	5 A* to C at GCSE incl. E&M	Osted % G&O schools	Primary	% L4+ in KS2 E&M	Osted % G&O schools
ENGLAND	**56.8**	**72**	**ENGLAND**	**79**	**80**
Knowsley	35.4	75	Luton	70	84
Blackpool	44.0	38	Rutland	71	74
Bradford	44.0	38	Poole	72	80
Nottingham	44.6	46	Walsall	73	74
Kingston upon Hull	44.7	50	Bradford	73	73
Isle of Wight	45.2	17	Peterborough	73	82
Wolverhampton	46.4	65	Bedford	74	96
Barnsley	47.1	40	Doncaster	74	89
Middlesbrough	47.2	50	Norfolk	74	69
Salford	47.3	60	Plymouth	74	79

Performance of poorer pupils

Another criterion sometimes used to look at ways of maximising improvement is to consider areas with low performance of the most deprived pupils. Both Blair and Gove frequently cited the inability of poorer children in particular to exercise choice via the independent sector or house price selection as a rationale for improving performance in these areas in particular. Charter schools in America have made the greatest gains with students in low income communities, and the greatest success stories in the English sponsored Academies were in areas where there was economic deprivation; by that same token, Free Schools could also offer a benefit in this area.

However, the table below shows the gap between the performance of non FSM and FSM pupils for the 10 highest ranked Local Authorities for educational need again. It shows that bottom ranked Local Authorities overall do not necessarily have a bigger gap in performance than nationally – indeed, some have a considerably smaller gap. It is more that in these areas, all pupils – FSM and non FSM – are underperforming.

Table 3.3: End of Key Stage results for the 10 lowest performing Local Authorities in 2014 exams and gap between FSM and non FSM pupils

Secondary	5 A* to C at GCSE incl. E&M	Gap between FSM and non FSM 5A*-C at GCSE (incl E&M)	Primary	% L4+ in KS2 E&M	Gap between FSM and non FSM % L4+ in KS2 E&M
ENGLAND	**56.8**	**27.5**	**ENGLAND**	**79**	**16**
Knowsley	35.4	26.5	Luton	70	8
Blackpool	44	23	Rutland	71	23
Bradford	44	25.1	Poole	72	25
Nottingham	44.6	24.3	Walsall	73	20
Kingston upon Hull	44.7	24.8	Bradford	73	18
Isle of Wight	45.2	23	Peterborough	73	16
Wolverhampton	46.4	19.4	Bedford	74	17
Barnsley	47.1	31.5	Doncaster	74	14
Middlesbrough	47.2	22	Norfolk	74	21
Salford	47.3	27.3	Plymouth	74	19

Free Schools and their relationship with basic need

Given the tight fiscal situation, and a pupil boom happening in many areas across the country, Free Schools have rightly and increasingly played a role in helping to alleviate basic need. Indeed, the programme is deemed to be better value for money if expenditure on new places is concentrated on where such places are 'needed'.[47]

Clearly, government has a duty to ensure sufficiency of school places and it is right that Free Schools are a part of that solution – as new schools but also, uniquely, as schools that are responding to specific parental demand. However, it is important not to lose sight of the wider role of Free Schools in meeting demand even when sufficient places already exist. This report, ultimately, believes in Free Schools as a demand led programme – wherever sufficient parents, teachers, community groups or Academy sponsors can generate sufficient interest and a coherent educational and financial plan, they should be supported to open a new school. This report then prefers a definition of need which is in line with Andrew Adonis' definition – "the need for good school places" (our emphasis). **In other words, where there are insufficient schools and school places where parents wish to send their children, then that should be an area where Free Schools can be part of a solution – regardless of how many places in weaker schools remain theoretically open and available.**

The other reason for not simply focussing on basic need as a rule for where Free Schools can open is that, as with Ofsted grades and the gap between richer and poorer students, an area having a basic need for places has no relation to the quality of education in the area. If anything a reverse quality gap occurs – lower performing areas tend to have more surplus places as parents (who are able to) depart the Local Authority for schools elsewhere.[48] In other words, restricting

47 For example, as set out in the National Audit Office assessment of the value for money of Free Schools, where the auditors comment favourably on the proportion of primary Free Schools being set up in areas of shortages of places, and more disapprovingly on secondary schools not being where the place shortage is

48 The second set of tables in appendix 4 show the positive correlation between GCSE and Key stage 2 results, and subsequent basic need for school places at the Local Authority level

new Free Schools solely to areas of new basic need – as proposed by both the Labour party and the Liberal Democrat party – would both mute the potential for driving up area wide standards, and limit any such benefit to schools and pupils that are performing better overall.

The table below demonstrates that the lowest performing areas do not have a place shortage issue:

Table 3.4: End of Key Stage results for the 10 lowest performing Local Authorities in 2014 exams and predicted place shortage/surplus

Secondary	5 A* to C at GCSE incl. E&M	Place surplus or shortage*	Primary	% L4+ in KS2 E&M	Place surplus or shortage*
ENGLAND	**56.8**	-	**ENGLAND**	**79**	-
Knowsley	35.4	2011	Luton	70	-835
Blackpool	44.0	465	Rutland	71	323
Bradford	44.0	-2776	Poole	72	-880
Nottingham	44.6	930	Walsall	73	-1095
Kingston upon Hull	44.7	3279	Bradford	73	-2385
Isle of Wight	45.2	2549	Peterborough	73	330
Wolverhampton	46.4	2375	Bedford	74	-306
Barnsley	47.1	2036	Doncaster	74	2186
Middlesbrough	47.2	1000	Norfolk	74	858
Salford	47.3	412	Plymouth	74	-368

* A negative number indicates a predicted place shortage; a positive number indicates predicted surplus places in the Local Authority. Summer 2013 data.

The charts below show that despite being no richer than Local Authorities with surplus places, and having similar patterns of employment, basic need areas have, on the whole, higher performing schools and higher performing poorer children. In addition, the correlation between academic attainment and capacity can be seen in graphs A3 and A4 in appendix 4. This shows that areas which are oversubscribed typically also have higher performing schools.

Figure 3.1: Difference between average full time income in Local Authorities with basic need and surplus school places

23,030 — Average full time income, LAs with basic need

23,616 — Average full time income, LAs with surplus places

Figure 3.2: Difference between average unemployment rates in Local Authorities with basic need and surplus school places

4.0%
Average unemployment rate, LAs with basic need

3.9%
Average unemployment rate, LAs with surplus places

Figure 3.3: Difference between educational outcomes at GCSE in Local Authorities with basic need and surplus school places

63.1
GCSE 5 A*–C inc E+M pass rates, LAs with basic need

59.9
GCSE 5 A*–C inc E+M pass rates, LAs with surplus places

Figure 3.4: Difference between educational outcomes at Key Stage 2 in Local Authorities with basic need and surplus school places

76.5
Key Stage 2 pass rates at L4+, LAs with basic need

75.8
Key Stage 2 pass rates at L4+, LAs with surplus places

Most strikingly, the table below also shows that of the 15 Local Authorities with the greatest place shortages at primary and secondary respectively, 12 out of 15 outperform national averages for performance of FSM children at secondary and at primary. Furthermore, 5 Local Authorities at both primary and secondary with the greatest pressure for more school places are in the top 10% of all Local Authorities for performance of FSM children nationally.

Graphs A5 and A6 in Appendix 4 further show that this correlation extends beyond the ten Local Authorities with the greatest shortage. Across the country there is a strong correlation between the areas which have need for school places

and smaller gaps between the performance of those children on Free School Meals and not.

To summarise the weakness of these three alternative criteria for prioritising Free Schools, Appendix 1 lists all Local Authorities by their relative ranking in terms of threshold attainment, educational performance for poorer children, Ofsted ratings and extent of basic need. It can be clearly seen that there is almost zero correlation between Local Authorities' rankings on any one of these four criteria.

In conclusion, therefore, if tackling area wide low levels of attainment is the key overall objective – as this report argues it should be – and where Free Schools can make a contribution alongside other tools and school and community effort, there is no suitable proxy for educational need than simply threshold attainment. Neither weak Ofsted scores (as currently is used), nor poor performance by the poorest children are good criteria to use.

Similarly, whilst Free Schools should continue to play a role in alleviating basic need where they represent a desired solution, simply focussing on basic need as the sole criteria for new schools is flawed because areas of basic place pressure do correlate with low threshold attainment –if anything, a sole focus on basic need could actually end up serving areas of lower educational need than average.

Table 3.5: Performance of FSM children at Key Stages 2 and 4 in the 15 Local Authorities with the greatest reported place shortages

Local Authorities Name (secondary)	%FSM 5 A*-C at GCSE (incl E&M)	Local Authorities name (primary)	%level 4+ on FSM
ENGLAND	**34.6**	**ENGLAND**	**67**
Birmingham	43.5%	Croydon	64
Newham**	49.1%	Newham**	81
Barking and Dagenham	46.1%	Manchester	73
Sutton	44.7%	Bristol, City of	64
Milton Keynes	30.9%	Hounslow**	76
Croydon	46.2%	Greenwich**	81
Waltham Forest	46.1%	Leeds	64
Bradford	28.3%	Birmingham	68
Lewisham	39.8%	Barnet**	76
Redbridge**	50.9%	Hampshire	67
Ealing	47.3%	Harrow	74
Reading**	32.2%	Enfield	68
Southwark**	54.8%	Brent	74
Greenwich**	50.3%	Redbridge**	81
Enfield	47.0%	Ealing	75

** Local Authorities who are in the top 10% nationally for performance of FSM children

4
Where are Free Schools Being Set Up to Date?

"Free Schools are predominantly located in areas with shortages of places. All mainstream schools approved today are in areas with a need for high quality places. And more than a third of schools approved today will be in the 30% most deprived communities in England. Once all of the Free Schools are fully up and running they will provide around 200,000 extra school places to pupils across the country."

DfE press release announcing the latest wave of Free Schools opening, 30th September 2014[49]

"80 per cent of new Free Schools are now in areas of basic need. [Opening Free Schools with very few pupils] would be unlikely to happen now because the criteria are much more rigorous in terms of the two requirements – that there is a basic need or that there is weakness or there is not outstanding performance in that area."[50]

Frank Green, Schools Commissioner, interviewed by the TES, 8th November 2014

The evidence from the early stages of the Free Schools programme was that the success criteria would be defined by how many good new schools opened – with the Conservatives building on the principle of what Labour had started but accelerating it significantly through policy changes. The constraint should be quality of bids rather than financial. As one of the interviewees for this report explained:

"The limit on Free Schools was not the capital budget. It was the number of good applications we got. We would put through every good application. We would find the money."[51]

In practical terms, so far as can be established, no Free School bid has to date been turned down for lack of capital. Moreover, successive financial statements by the Chancellor have allocated DfE additional capital spending in order to increase the number of Free Schools, and other schools that can open.[52]

Nevertheless, given the circumstances of the first few years of the programme – tight public finances and a pupil boom – the data unsurprisingly shows that Free Schools have often opened in areas of basic need, particularly in primary schools.

49 Department for Education, *"35 new Free Schools providing more than 22,000 places announced"* 30 September 2014

50 TES, *"Scrutiny of free school plans too weak, DfE commissioner admits"* 8 November 2014

51 Private interview

52 Autumn Statement 2011 allocated an additional £1.2bn capital to DfE over the lifetime of the Parliament above and beyond their Spending Review settlement for 2010–2015, which was described as sufficient for 100 more Free Schools and 40,000 extra school places. Autumn Statement 2012 committed a further £1bn to *"expand good schools and build 100 new Free Schools and Academies"*. And the spending review statement for 15–16, announced in June 2013, committed funding for 180 more Free Schools in that year, 20 more studio schools and 20 UTCs

Figure 4.1: Secondary Free School approvals by areas of basic need and surplus over time

	2011	2012	2013	2014	2015+
Surplus places	83%	85%	61%	50%	43%
Basic Need	17%	15%	39%	50%	57%

■ Basic Need   ■ Surplus places
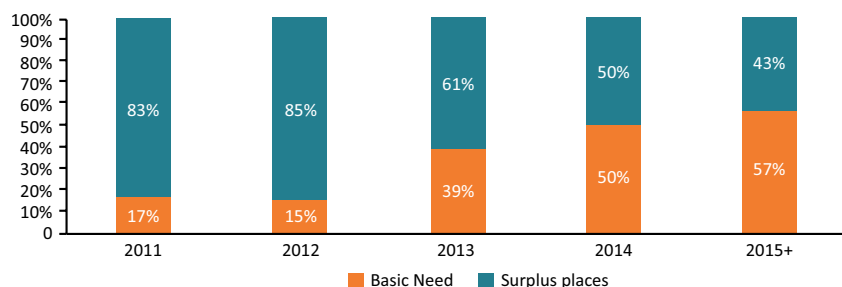
Figure 4.2: Primary Free School approvals by areas of basic need and surplus over time

	2011	2012	2013	2014	2015+
Surplus places	19%	21%	34%	23%	16%
Basic Need	81%	79%	66%	77%	84%

■ Basic Need   ■ Surplus places
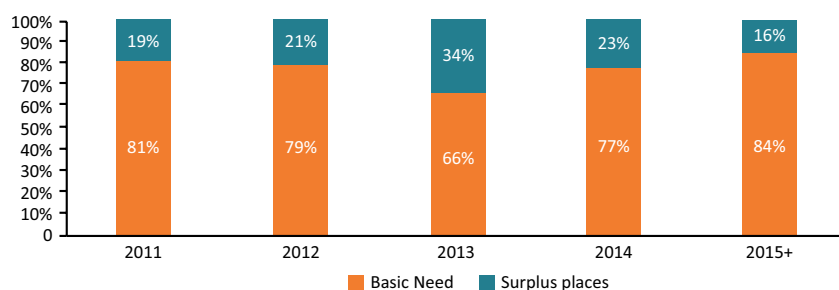
There is nothing wrong with Free Schools opening in areas of basic need if it is as a result of high quality bids, and parental demand. Free Schools can be part of a solution in these areas. Data from open Free Schools shows that open schools are eight times more likely to be located in the most deprived areas of England than the least deprived. But it is also important to consider, as a programme to allow new providers to open schools enters its second Parliament (whether called Free Schools, Parent Led Academies or other), how such providers can also be supported to open in areas of educational underperformance.

Since wave 3 (2013 openers) the criteria for "need" when opening a new school have been defined as:[53]

Interest from parents of a number of pupils that is close to the school's capacity – for each of the school's first two years of operation

and either that there is

no significant surplus of school places in the relevant phase in the area;

or

that the number of places in underperforming existing schools in the school's proposed vicinity comprises a total number of pupil places greater than your proposed school's capacity at scale. (Underperforming schools will usually be classed as schools rated as 'requires improvement' or 'inadequate' by Ofsted. However, we will also take into account pupil attainment and progression data)

53 Department for Education, *"Free school applications: criteria for assessment (mainstream and 16–19 Free Schools)"* May 2014, p19

Under this definition, Free Schools can still open in areas with surplus places as long as they are in areas of educational need (but only in practice as defined by Ofsted, rather than exam grades) – that is, they meet the second criteria but not the first. Nevertheless, as the graphs above show, whilst Free Schools are rightly playing a strong role in helping to alleviate basic need issues, it is important to consider how they can also be supported to open in areas of educational underperformance as the programme moves towards scale and maturity under any government.

One of the most important elements to consider is the changing composition of who is opening Free Schools. The graph below shows Policy Exchange's assessment and categorisation of every open Free School since 2010. What is clear is that the proportion of single Academy and multi Academy sponsors is significantly growing as a share of open Free School providers.[54]

Figure 4.3: Changing composition of groups approved to open Free Schools (wave 1 to wave 7)
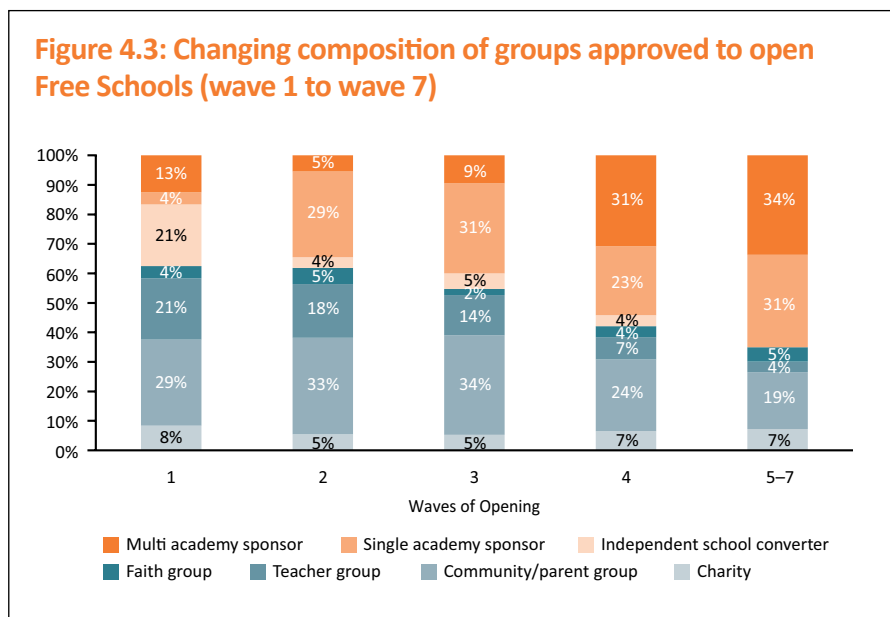
This report considers that there are three reasons which underpin this shift

- Early adopters versus a mature system;
- Current incentives on existing providers looking to set up new schools; and the corollary
- Current incentives on entirely new provider groups looking to set up new schools

Early adopters versus a mature system

In the early stages of the programme, there was a large groundswell of support from parents, teachers, and community groups who had long wanted new provision in their area. Unsurprisingly, therefore, they made up a large proportion of the early participants – eagerly seizing on new ways in which they could achieve their long sought goals. Such groups were also more willing to engage with what was always going to be a more fluid process in the early days. As the system moves to maturity, the 'stock' of such committed early adopter groups

54 Such a categorisation is, of course, only ever to an extent a judgement of the reviewer. Many groups, for example, could be easily placed in either teacher group, faith group, or community / parent group, depending on what view is taken of their dominant composition and motivation. This graph should therefore only ever be taken as Policy Exchange's view rather than definitive. We are extremely grateful to the data team at New Schools Network for helping us with assessments and judgements of certain groups when data from the Department for Education and groups' own websites was unclear or inconclusive

naturally declines – either because they have set up a school, or because they have been rejected (likely more than once) and have given up. Whilst there will always be a 'flow' of community type groups – e.g. new parents wanting better provision for their children, new cohorts of predominantly young teachers looking to design something new – this will be a smaller number. At the same time, as the system matures, more experienced and cautious providers (in this case existing schools) play a more dominant role as they recognise the opportunities available and build on an existing understanding and proof of concept of new provision having been set up. Such a maturity was also seen in Sweden, with early adopters (often specialist pedagogical groups such as Montessori) replaced by mature providers (chains of schools both profit and not for profit).[55]

Current incentives on existing providers

A system that has become easier for experienced groups to navigate…..

a. *The application process is more straightforward*
The tightening up of procedures around applicant capabilities has made the Free School application process much more rigorous and robust which is a vital step in quality assurance of new schools. As part of this there have also been small, sensible changes to make the process more straightforward for experienced groups (assuming they are opening a new school in the same phase as they have experience in). They now complete a different application form which recognises a proven track record in setting up an educational model and so does not require all these details, and have a lighter touch process which avoids wasting resources micro managing such experienced groups.

b. *Existing providers can demonstrate capability more easily*
As the process has developed in DfE, an increasing focus has been placed on the capability of provider groups in setting up and running the school. It is far easier for a Multi Academy Trust – or even a single school wishing to open a new Free School – to demonstrate a proven track record in this area than it is for a charity or teacher or parent group, who can at most point to relevant individuals on their group who can exercise non-executive functions as a Trustee, and potentially the proposed Headteacher of the school.

c. *Experienced groups can navigate the demands of the process more smoothly*
Experienced groups running schools will be fully conversant with the jargon and techniques needed to progress with a technical application system – they will have greater resource to various elements of human capital. This gives them an advantage over an enthusiastic and potentially capable new group in accessing and navigating through the process of approval.[56]

….who are more likely than new groups to open in areas of basic need

Experienced groups are motivated by slightly different incentives to new providers, which push them towards opening in areas of basic need.

56 It may also advantage certain more affluent new groups over others. Prof Rob Higham's research (Higham 2013, op cit) found that *"groups which would have opened in disadvantaged areas found the process too difficult to navigate"*, and this would particularly impact on parents who don't speak English as a home language, or haven't completed higher education themselves. Higham's research also found that approved proposals from the highest quintile of disadvantage were unlikely to come from local parents. A parent group who spoke to him said costs were one of the main challenges at pre-approval stage, *"paying for postage, paying for pop-up stands for events or setting up a limited company, or rail travel down to London to go for the interview [at the DfE] or the free school conference – we personally had to pay for that".*

a. *Less constrained by geography…*

Existing providers will likely have a broader geographic area in which they are content to operate – most typically around 30 to 60 minutes travelling time from an existing school.[57] This is far larger than the geography in which a parent or community group would typically be comfortable, which will almost certainly be constrained to one Local Authority area in which they are resident and most likely a sub area within that.

b. *…and attracted to areas where setting up will be easiest…*

This extra flexibility, assuming that other factors are also met (e.g. a school opening up in an area of deprivation if that is within the MATs ethos, or being sited where there is sufficient demand for a particular pedagogical need that the MAT offers), means that all things being equal, an experienced provider is likely to look for a 'lowest hassle' option for siting their school. Interviews with senior staff in various MATs for this report set out how opening a new Free School in an area of basic need is much more straightforward in terms of securing a site, receiving Local Authority co-operation, and being guaranteed certainty (or near certainty) over pupil numbers. The incentives on MATs are therefore tilted towards setting up areas of basic need rather than surplus places. As one MAT said to us in an interview *"It's much easier to get a site when the local authority needs a school, and the second reason is that it's much easier to fill a school when there's a need, so financially it's more sensible to locate a school in an area where there's a need."*[58]

c. *…and with strong grassroots support already in place*

Where an experienced group is a successful school or group of schools already, there is likely to be grassroots demand for them to expand their local provision and roll out the model widely. This, is most likely to be the case where not only that existing provider is already heavily oversubscribed but other good schools also are. Hence the grassroots pressure also drives incentives on groups to set up in basic need areas.

Current incentives on new providers

Greater challenges in areas of educational need and less in areas of basic need

The system continues to raise challenges for stand alone groups to open in the areas of most educational need, as opposed to basic need areas.

a. *Less active demand for opening a new school in some educational need areas*

In areas with historic educational underperformance there can be a sense that things can't be different, and this de-incentivises groups from opening a new, different type of school. Whilst this is by no means the case everywhere, outreach work by New Schools Network has identified that in certain low performing areas there is a sense of helplessness and resigned acceptance of poor standards. If parents are unwilling or unable to agitate for change, they will be highly unlikely to form a group to set up a new school.

Even if a group comes together, there can be challenges in opening up in area of surplus places:

57 This figure has been quoted to us several times by different chains as the maximum acceptable distance between institutions within a chain to allow for effective travel between sites, bringing together of staff etc

58 Private interview

> **This focus on basic need should be augmented by efforts to ensure that schools can also be set up in areas of underperformance**

b. *Local Authority relations*

Much has been written in the past about relations between Local Authorities and Free Schools. Indeed, much of the early work in Free Schools policy seemed deliberately designed to isolate Local Authorities from the process – including approvals of Free Schools being made directly by DfE with limited Local Authority input, changes to the priority order of building any new school by a Local Authority to preference Academies and Free Schools, and changes to planning legislation to make it harder to block new schools. The reality is that there is not one 'Local Authority' approach to Free Schools. In many areas, Local Authorities have worked closely with new Free School groups and existing schools looking to open new Free Schools, and in turn Free Schools have worked closely with their local community once opened.

However, in roundtables and large numbers of conversations with Free Schools and Local Authorities for this report, it became apparent that such levels of co-operation is often driven by how acute the basic need issue is in the Authority. Where Free Schools are most needed – in order to raise educational performance in under performing local areas and as such where surplus places exist – they are hardest to open. This occurs both via some of the remaining formal levers open to the Authority – most notably the planning system – but also in a myriad of softer, more subtle ways. Some of the examples we have been given by Free School Headteachers during our research include:

- Staff from the Local Authority education department attending Councillor run planning meetings and opposing the creation of the Free School on competition grounds;
- Blanket opposition to planning requests regardless of theoretical validity;
- Extraordinarily long delays from the Local Authority on planning, which has had cost implications for school groups;
- Schools being left out from the admissions booklet for common admissions;
- Schools being removed from the admissions booklet for common admissions;
- Free School Headteachers not being invited to local Headteacher events organised by the Local Authority which all other Heads attend;
- Local Authorities refusing to use Local Authority transport for transport to Free Schools;
- Local Authorities asking primary schools not to share secondary Free School consultation materials with their students;
- Local Authorities asking their primary schools not to support secondary Free Schools which are opening in the area;
- Local Authorities delaying building a zebra crossing outside the school having been given money for it by the school;
- Local Authorities offering overly expensive or geographically unfavourable temporary accommodation as a blocking measure.[59]

c. *Pupil recruitment issues*

In areas where a school is facing uncertainty over its legal status via the absence of a Funding Agreement, an unclear location, and / or has a lower local profile

59 Examples given to Policy Exchange via written submission, telephone conversations, school visits and focus group meetings hosted during the research

because of an inability to engage with its community via other schools, it is less likely to be attractive to parents and pupils.[60] As noted above, such obstacles are more likely to happen in areas with Local Authority opposition because of surplus places. Moreover, even if such opposition is not present, surplus places mean that there will be greater competition for pupils. Free Schools face a series of structural disadvantages compared to their established peers: no site from which to run open days, no staff and potentially no permanent headteacher by time recruitment opens (given long time lags), no Ofsted report, no exam scores, and sometimes no presence in the common admissions framework meaning schools have to advertise themselves as an additional option. Such challenges are lessened if there is a basic need issue.

d. *Staff recruitment issues*
Similarly to pupil recruitment, staff recruitment can also be an issue in areas where a Free School is less popular because it is not filling basic need. Many of the same stakeholders who experienced difficulties with their Local Authorities also described difficulties with staff recruitment:

- *"There's an anxiety, I think it goes down to the school teacher level, about who's behind them."*
- *"Not many schools know this, but you can call up the TES and ask them to manually remove the part of the advert where it says Free School in 'school type'. Once we did that, we had lots of applications."*
- *"In this area local teacher colleges and universities tell their trainee teachers not to apply to Free Schools."*[61]

Given that in some areas of educational need, there are already obstacles around teacher recruitment in general, the fact that Free Schools believe it is more difficult to get staff also acts as a disincentive to set up there.

What these issues show, in aggregate, is that a confluence of factors have come together to that explain an understandable shift towards meeting basic need. As the programme of new providers setting up schools matures into its second Parliament – under whichever government and whatever name – this focus on basic need should be augmented by efforts to ensure that schools can also be set up in areas of underperformance. The final chapter sets out some thoughts as to how this might be done.

60 Over 40% of Free Schools opening with more than 20% of places vacant had only signed their Funding Agreement within four weeks of opening. In addition, and relatedly, 46% of schools opening in temporary accommodation had more than 20% of places vacant compared to 30% who opened in their permanent accommodation. NAO, op cit

61 Examples given to Policy Exchange via written submission, telephone conversations, school visits and focus group meetings hosted during the research

5
How can a Focus on Basic Need be Augmented by a Focus on Competition in areas of Educational Underperformance?

"It's always very exciting to be tempted and asked to be more radical. Absolutely. I am undimmed in my commitment to Free Schools and look forward to working with him and members on all sides in getting more Free Schools up and running."

Nicky Morgan MP, House of Commons, 21 July 2014[62]

"We value innovation in provision and so that's why we want to see the growth of Parent Led Academies…where we need to set up new schools"

Tristram Hunt MP, Policy Exchange fringe meeting at Labour Party conference, 23 September 2014[63]

There is something of a cross party consensus amongst Labour and the Conservatives on the opportunities for new providers of schools after the election, as the two quotes above show. Importantly, though, there is disagreement over the locations and ways in which these will be set up. As Labour have made clear, Parent Led Academies will only be allowed to set up in areas of basic need, and to do so in open competition with other providers in a commissioning process run by the new Directors of School Standards.

This report believes that such an approach would be a mistake, as the analysis in previous chapters as to where new providers can play the greatest role in raising standards shows. The recommendations below therefore set out how, as the programme grow to maturity and enters its second Parliament under any government, the process can continue to evolve so that new schools – whether Free Schools or Parent Led Academies – can be supported to set up in both areas of basic need and areas of educational underperformance. Importantly, none of the recommendations below take away from the current strengths of the system including the scrutiny of proposals to allow only high quality bids to be taken forward, the ongoing methods of scrutiny once schools have opened, and swift action to address failure when it occurs.

62 Hansard, 21 July 2014, Column 1147

63 Policy Exchange *"Parent Led Academies, Directors of School Standards and Collaboration for all: what should Labour promise on schools in 2015?"* The meeting can be viewed at https://www.youtube.com/watch?v=cPxS8KKRTZE

1. **The Government should (re)commit to an (amended) process for creating new school places in areas of basic need, and a separate process for approving new schools, especially in areas of educational need. New providers such as Free Schools could apply under both routes, but funding and approval should be held separately. Alongside this, the Government should vocally defend and promote the case for two separate processes and for supporting both schools that open in areas of basic need and those that open in areas of surplus places.**

The most important recommendation is to keep separate a process for approving Free Schools / Parent Led Academies from the issue of basic need. This is currently the case under the Coalition, but as noted above, Labour propose to formally merge the two (by abolishing the separate Free School approval route for schools not in areas of basic need).

Such a merging would be a mistake. There is clearly a role for the process that is needed to commission new places where they are needed. However, as the analysis in this report has suggested, new schools including Parent Led Academies could actually have a greater impact if allowed to set up in areas of educational need. Restricting them solely to areas of basic need would lessen their impact and also restrict any benefits to pupils who on average perform better, including the poorest pupils.

As well as being kept separate, the processes need to be amended slightly so as to strengthen the role that new providers can play. This report recommends the two processes should run as follows:

a. *Basic need provision should be approved through competitions run by the Regional Schools Commissioner (RSC) or Director of Schools Standards (DSS) (apart from short notice emergency expansions of places)*

At present, the process for new school places being created is controlled via legislation set out in the Education Act 2011, which partly amended elements of the Education and Inspections Act 2006.[64] The Local Authorities are the commissioner of places in such a situation and as such are not allowed to propose new community schools in the first instance because of the conflict between provider and commissioner; however they can do so if no other school type is available and in such an instance the Schools Adjudicator will decide if such a bid can go ahead.

Previous Policy Exchange work on moving to a wholly Academised system recommended that Local Authorities should move to a system of "provide, not commission".[65] This allows Local Authorities to run their own chains of schools and removing the commissioning process which both conflicts with provision and can be a suboptimal scale (as schools are commissioned relatively rarely, it makes sense to commission at a large geographic scale in order to make it value for money to retain commissioning expertise within that organisation). In line with this principle, therefore, the commissioning process for basic need places – including who holds capital funding – should go to Regional Schools Commissioners or Directors of School Standards. As per previous Policy Exchange work, the Local Authorities would be responsible for providing intelligence and data on where places are needed, and on potential providers.

The one exception to this is where Local Authorities need to create additional school places at very short notice – for example because of a genuinely

64 Under this process, if a Local Authority wishes to create a new school in their area, there is a presumption in favour of Academies or Free Schools. If such an Academy cannot be identified, then the second stage is for the Local Authority to run a statutory competition that is open to voluntary aided and voluntary controlled and foundation schools to bid for; the Local Authority decides who to appoint. If at that stage there is still no successful school proposal, then the Local Authority can submit a proposal for a community or Local Authority school; in this instance the Schools Adjudicator will decide on the merits of that school versus other bids. Separately to this competition (known as Section 7 competitions), new schools can be created outside of competitions (known as section 10 and section 11 exemptions). This process is set out in DfE guidance on *"The academy / free school presumption"* and *"Establishing new maintained schools"*. The Government has aided this process by providing a sum of capital funding under the Targeted Basic Need Programme to LAs on a competitive bidding process, which can be used either to build entirely new schools or to support expansion of existing schools (where there is no preference between expanding schools by type)

65 Policy Exchange, *"Primary Focus: The next stage of improvement for primary schools in England"* (2014)

unanticipated population bulge in the months before a new school year. In such circumstances, a competition would be impractical and the Local Authority could seek an exemption from the RSC / DSS to create new places (but not a new school, given timescales) themselves. This could be funded either from an RSC / DSS allocation of capital, or reallocation of Local Authority capital from other programmes.

The process for running such a competition should also be amended so that all providers – Local Authority chains, other Academy chains and (crucially) new providers including Free Schools have a fair chance at competing for setting up new basic need schools.

Table 5.1: Proposed amendments to current process for approving new basic need schools

	Current process	Comments
a)	Local Authorities identify a location for basic need	**Retain.** The Local Authority can continue to provide a building to the process without creating a conflict of interest and will be best placed to provide intelligence as to the best location for a new premises or expansion
b)	All applicants must be approved Academy sponsors	**Change.** Such a process discriminates against new providers. New groups wishing to open a basic need school should apply in the same way and be approved if appropriate by the RSC / DSS during the process
c)	The Local Authority publishes the opportunity on their website, and the Department for Education sends a list of any opportunities out to stakeholders	**Strengthen.** Such a process benefits groups already registered as having an expression of interest in some way and disadvantages parent or community groups that could form specifically for that purpose. The opportunity must be published through forums not just populated by those already interested, including outside the immediate Local Authority (and if possible outside the RSC/ DSS region)
d)	There is no centralised format; each local authority makes its own basic need application form	**Change.** Application forms should be standardised as much as possible to avoid unfairly advancing the chances of local groups against new providers or experienced providers from outside
e)	There is a short window for applications (usually about a month long)	**Change.** Wherever possible, such processes must be open for long enough that groups previously not closely involved in the local area (either existing sponsors or new parent led groups) have a chance to express interest and put a bid together within the deadline required. A short process benefits experienced and expert groups
f)	There is no requirement to show parental demand for a basic need school	**Retain.** The fact that the RSC / DSS has decided to run a competition means that parental demand has been established. The competition will take into account demand for particular provision when weighing up competing bids. Having to generate specific parental demand for a particular bid will disadvantage smaller community and parent groups
g)	There is an Academy or Free School presumption during the basic need school process	**Change.** In a new environment where all schools are Academies and the Local Authority is not commissioning places, the RSC / DSS should be free to choose the best provider in the particular circumstances, regardless of chain, type of school or background

b. *New provision – Free Schools or Parent Led Academies – not in areas of basic need should be allowed to be commissioned, and should continue to be approved centrally to avoid conflicts of interest.*

Regional Schools Commissioners already have the power to "make recommendations to Ministers about Free School applications". It is not clear how Directors of School Standards would engage with new Parent Led Academies but the Blunkett report seems to indicate that they would have the commissioning function for all schools. There is an important distinction here between advisory and commissioning. Commissioning makes sense for the regional tier to undertake in basic need areas because there is unquestionably a need for a new school and the issue is about deciding the best provider.

> **"**The DfE nationally must retain final approval power for new provision not in areas of basic need**"**

However, where there is a bid to open a new school outside an area of basic need, it would not be appropriate to have the executive decision made at a regional level. This is because there is the potential for a conflict of interest between the existing providers who make up the current Headteacher Boards (and may well continue to have a strong function under Directors of School Standards) and the new would-be providers. Such a conflict may be at its most acute in the areas where we have already established Free Schools can do the most good – where they are opened in areas of low current performance as a competitive threat to existing providers.

It is implausible that any formal steps that already exist or could be introduced to mitigate conflicts of interest presently could ever be fully effective in such a scenario, because it is not straightforward to simply identify one or two schools or members of the Headteacher Boards who would directly benefit or not from a new school and who could therefore be removed from the decision making process. The spillover effects of a new school could potentially be drawn quite wide and the effects difficult to predict beforehand. Given the risk of regional tiers being used implicitly or explicitly to mute the threat of new entrants, there will always need to be a role for a truly disinterested party – at a national level – to judge the merits or otherwise of a new provider outside of basic need. RSCs or DSSs can advise but the DfE nationally must retain final approval power.

Alongside this, there is one significant change which needs to occur to the definition of 'need'. Alongside the existing requirement for proposers to demonstrate parental demand for their particular school, which should remain, the current definition should be amended so that it moves away from Ofsted as a measure of need and moves towards threshold attainment. The definition of 'demonstrating need' should read as follows:

Interest from parents of a number of pupils that is close to the school's capacity – for each of the school's first two years of operation

> **And either** that

the overall educational standards in the school's proposed Local Authority or closer vicinity are below the standards expected by Government (this will normally be measured by pupil attainment at 11 or 16, as applicable)

> **Or if not, that there are**

no significant surplus of school places in the relevant phase in the area;

This definition removes Ofsted as a criterion in favour of the more rigorous threshold attainment data. It also emphasises the role of performance data first and foremost in the central process. If there is demand for a school in a low performing education area, and it is of sufficient quality, then it should be approved and supported. The definition leaves in basic need so as to allow for new provision to be established centrally in areas of basic need, to allow for circumstances in which it was felt that new providers were not realistically able to compete for basic need provision in a particular area.

Maintaining two processes would not be without controversy. In particular, it would continue to mean that there will be occasions in which schools are approved in areas of educational underperformance even when – as is often the case – there are surplus places in this area. Whichever Government is in power should recognise this and be full throated in their defence of the impact and rationale. The evidence in this paper suggests that as well as helping alleviate basic need, high quality Free Schools in areas of educational need can have a competitive benefit and positive spillover effect. That is why they are set up there, and such a benefit still holds even when new schools are initially undersubscribed – because it is the new capacity and healthy competitive response which the new school engenders which raises standards. But it is very easy for proposers to be cautious of setting up in such areas if they fear being attacked for wasting money and having a hostile local environment. It must be government's role to defend the Free School / Parent Led Academy process and to particularly support groups in such instances.

> "Keeping the processes of basic need places and new schools separate is the single most important thing which a government can do to support the Free School / Parent Led Academy process"

Keeping the processes of basic need places and new Free Schools separate, and defending the rationale for that and the benefits it can bring, is the single most important thing which a government can do to support the Free School / Parent Led Academy process as it continues to grow in the next Parliament under any government.

Alongside this change, there are a range of supporting policy changes which should be made to help support groups both at the stage of whether to bid to open a school and if so, where to set up:

2. Existing Free Schools (and Academies) who want to create new Free Schools in underperforming areas should be eligible for expansion grants

Currently, schools who wish to become sponsors and partner with underperforming Academies are eligible for a start up grant of between £70,000 and £150,000 to cover pre-opening costs such as staff recruitment, project management and legal advice.[66] In addition, existing primary schools who want to come together into a multi Academy trust are entitled to the primary Academy chain development grant of up to £150,000.[67] Such grants are sensible and reflect the one off costs of coming together in a collaborative partnership particularly when there are challenges (either to do with size or standards), and the benefits of spreading high quality provision. Following on from this, this report argues that where a Free School or Academy wishes to set up a new school in an area of educational

need and is approved to do so, it should be entitled to an expansion grant of a similar magnitude in addition to the start up funds available for starting a new school under the Free School programme. This would provide a direct financial incentive to set up in more educationally challenging areas, tilting the incentives away from those which as discussed above can tend to drive existing schools and chains to expand in basic need areas.

3. NSN should evolve its role to become more responsible for sustained capacity building in areas of educational underperformance to support new Free School groups

The New Schools Network has played a major role in brokering and supporting almost all of the open and approved-to-open Free School groups since 2010. Since 2013, its focus has broadened through the introduction of a programme called 'New Schools Challenge'; incubating and nurturing applications from qualified groups in traditionally under represented areas of the country. This happens principally via short visits to particular regions and raising awareness of the opportunities of Free Schools, and working with schools, charities and community groups in the area to identify and talk with potential groups who might wish to apply to open Free Schools. Such a development is very sensible. It reflects both the evolution of Free Schools policy nationally (which as the process has standardised, allows NSN to devote more resources to targeted support) and the recognition that Free Schools are ultimately a demand led policy which is rightly outside the remit of the DfE or the Regional Schools Commissioners / Directors of School Standards to instigate or direct.

However, such a programme is still currently far too small scale to really address the current imbalances in time, energy and social capital which exist between different communities at present. NSN should consider how, funding dependent, they could look to extend their remit to have a more sustained presence on a regional basis to nurture and develop potential Free School groups and also act as ongoing support and advice to open groups, particularly around some of the specific challenges that come with opening up schools in areas of educational need as identified in chapter 4. This might include a more focussed level of support in writing an application form and generating parental demand, but also helping broker discussions between the Free School and other local schools or the local authority, supporting groups in any planning disputes, and helping with staff recruitment.

4. The planning system should be further amended to give a swifter ruling over which buildings can be used for schools in areas of educational underperformance

A lot has changed in the planning system in the current Parliament[68] including, most importantly, a system of permitted development rights which allow schools to use buildings which are not currently designated as schools for one year and a slimmed down system of planning approval after that. However, there are still instances whereby Free Schools report extended planning battles and delays which hamper their ability to focus on educational issues during pre-opening and their first year. As the NAO report identifies, uncertainty over a school's permanent site also affects pupil numbers which in turn raises issues of financial sustainability, staff recruitment and quality of education. There is therefore a compelling case

68 As set out in DfE and DCLG *"Planning changes to help open Free Schools' gates faster"* 25 Jan 2013

for maximising the opportunity for Free Schools to have certainty as far as can be given on site as early as possible in the process. This report proposes two further changes that would apply in such areas to streamline the planning system and provide surety to new schools:

a. A Local Authority in an area of educational need must provide an alternative site if rejecting planning permission for the original proposed site. If a Local Authority qualifies as being in an area of educational need then any objection by that Local Authority to a school use of a building (known as a prior approval veto) must be accompanied by a proposal for an alternative site, otherwise the objection will be invalid. This will change the default position from schools having to suggest sites (and being rejected) to one where the Local Authority has to suggest a site they consider valid.

b. The appeals process in areas of educational need should be expedited. If the school decides not to take up the alternative site offered and wants to appeal against the objection to their original proposal, then rather than going through the existing Local Authority planning appeals process, the appeal would automatically be fast tracked to the Secretary of State for Communities and Local Government (known as a recovered planning appeal). This will ensure a swifter decision will be made either way by a disinterested party who can balance the competing needs of the school and the Local Authority. This will also act as an incentive on the Local Authority to only reject genuinely inappropriate premises suggestions and offer valid and plausible alternatives; a lack of good faith in either of these areas would increase the chances of a Ministerial decision ruling against them.

5. The Readiness for Opening discussion should include a specific discussion on plans for collaboration between Free Schools and external partners. Free Schools should be devolved the funding currently used for Education Advisers once opened

Free Schools are now increasingly assessed on their overall capacity and capability of their group in areas including education, finance, leadership, project management, marketing and human resources.[69] According to the latest data, 84% of open Free Schools are collaborating with nearby schools, or plan to do so.[70] This will in all likelihood be mostly situations where Free Schools are net recipients of support rather than donors, given their scale and size. This makes a great deal of sense – as a review of leadership in new schools for the National College recommended, "Senior leaders should ensure that they receive external support and challenge on professional issues and school standards. New school leaders who are not part of a school group should be prepared to buy in additional support from external sources during the set-up phase".[71]

This report is concerned with how new groups can be incentivised to open Free Schools, especially in areas of need. However, this does not mean relaxing the quality thresholds on who can be approved. As such, this report proposes that

a. **The Readiness For Opening meeting includes a specific focus on the Free School's existing and planned collaboration.** At this final check off meeting, EFA and DfE should explore with groups what they have already done in

69 DfE, *"Free school applications: criteria for assessment Mainstream and 16 to 19"*, in particular the section containing guidance on Section F of the free school application form

70 Department for Education, *"Are Free Schools using innovative approaches?"* op cit

71 Dunford, Hill, Parish and Sandals, *"Establishing and leading new types of school: challenges and opportunities for leaders and leadership"* National College (2013)

terms of collaboration and what they plan to do in the future. Clearly, such a discussion should be context specific – a Free School opening as part of MAT will have a ready made support structure in place, for example. Neither should a school be blocked from opening purely because it does not have specific plans for collaboration, or that such collaboration does not include its geographic neighbours (given that some Free Schools may try to collaborate but not receive engagement from existing schools). The intention of this soft check would purely be to augment existing discussions on capacity and capability and be part of the overall risk assessment done of the school.

b. **To support Free Schools in accessing collaborative support the funding allocated to EFA to support open Free Schools should be devolved to schools.** All open Free Schools are allocated an Education Adviser from the EFA whose job is to "assess, for example, their progress since opening, help the School prepare for its first Ofsted inspection, and monitor risks to educational performance"[72] This function is clearly a combination of scrutiny from the DfE and support for the school. This report recommends that such functions are split and that the funding allocated to schools to support them via the Education Adviser is in fact devolved down to the school for them to purchase the support which is most valuable to them – which may in many instances be support from another local school as opposed to an education adviser simply allocated to them by the EFA.

6. **Government should make new Free Schools the absolute priority when disposing of public sector land in areas of educational underperformance**

One of the major challenges for Free Schools is around identifying a site that is suitable in size and location terms and affordable within government capital spending limits which are very tight, particularly in areas where land prices are high.

Since November 2014, in order to address capital shortfalls, Academies have been allowed to bid to borrow capital funding from the new Condition Improvement Fund (CIF) – which offers state funded loans from the Public Works Loan Board which offers cash to Academies at lower than commercial rates. The purpose of the fund is mostly to address building condition issues but a small amount is available to expand facilities (the majority of expansion funding comes through the separate Targeted Basic Need Programme). The significance of this new CIF is it allows for Academy Trusts to borrow for capital refurbishment (using the government's lower borrowing rates) and repay it through their future revenue funding, as opposed to simply bidding for an all too limited pot of grant capital funding. However, access to the CIF would not benefit new schools and Academy Trusts who do not have the necessary track record as Trusts to borrow from it[73] and who are neither allowed legally, nor would be sensible, to borrow commercially to supplement EFA funding for a new or refurbished building.

The wider public sector already has a duty to consider other uses for land which specific public sector institutions consider surplus – in particular the NHS[74] where Trusts have been asked to consider land that is suitable either for new housing or for Free Schools, particularly when land is not suitable for housing or only available for a short period of time. The NHS identified almost 90,000 square metres of land in small parcels in 2012.[75] At present, there is a multi-stage process whereby NHS Trusts can dispose of surplus land: other NHS

72 NAO, op cit

73 There are seven specific affordability requirements for Trusts to meet to qualify for the CIF including a track record of financial returns and unqualified accounts – obviously this is not applicable to new Trusts. DfE, *"Condition Improvement Fund 2015 to 20165: Information for applicants"* October 2014

74 Department of Health, Letter from Dan Poulter to NHS Trusts accelerating the release of public sector land, 21st March 2013

75 Department of Health, *Main Findings from the 2012 data collection from NHS trusts*

Trusts have first refusal, followed by Local Authorities, followed by a sale on the open market. Government ought to ensure that Free Schools be offered suitable space (especially sites below 0.25ha which are often unsuitable for wider NHS purposes) at a very early stage in the process – in effect replacing the Local Authority stage. Furthermore, in areas of educational underperformance, the duty to consider other uses for public sector land should be amended to give new schools the absolute first priority over parcels of land – ahead of any local NHS provider (who are disposing of the asset in the first place) or housing (given that, as noted earlier in the report, such areas of educational need tend not to be basic need priorities and so presumably there is less pressure on housing).

7. Wider school funding reform

Lastly, although it falls outside the remit of this report, one major change which would address current perverse incentives in the system with regards to Free School set up would be to reform the school funding system and bring in a fair national funding formula, as seems a possibility after May 2015 regardless of government. At present, for example, a hypothetical school or chain looking to set up a new 4 form entry Free School in South London could choose between the following Local Authorities:[76]

Table 5.2: Difference between per pupil funding in three London Local Authorities

	Croydon	Bromley	Lambeth
Per pupil funding	£4,559.18	£4,082.33	£6,384.03
Total revenue funding per year group (4 FE, 120 pupils)	£547,101.60	£489,879.60	£766,083.60

A nationally consistent per pupil funding formula (with additional funds for high need pupils and so on) would be hugely beneficial in this regard for new Free School groups to avoid choosing locations on revenue basis rather than educational need.

Taken together, this suite of recommendations offers the potential of combining the strengths of the current Free Schools system – high levels of interest nationally, a strong overall quality threshold for approving bids, an increasingly standardised process for funding and supporting schools, and a clear focus on the roles of Free Schools in contributing towards addressing basic need– with changes to recognise that, as the programme moves towards maturity, the focus on raising standards in areas of underperformance through competition is also strengthened; so that a rising tide can increasingly lift all boats.

76 Simplified illustrative model using per core pupil funding per Local Authority only for 2014–15 financial year

Appendix 1

Table A1: Full rankings of all Local Authorities (primary)

Local Authority	Rank in educational need / threshold attainment (1= lowest performing LA)	Rank in poverty gap (1= biggest gap between non FSM pupils and FSM pupils)	Rank in basic need (1= LA with most shortage of places)	Rank in Ofsted ratings (1= lowest percentage of schools rated Good or Outstanding)
Luton	1	145	55	45
Rutland	2	6	96	36
Poole	3	2	53	120
Walsall	4	31	97	4
Bradford	4	56	45	18
Peterborough	4	95	27	45
Norfolk	7	23	117	11
Suffolk	7	13	136	18
Wakefield	7	6	128	19
Plymouth	7	41	74	55
Doncaster	7	110	139	120
Bedford	7	77	77	146
Medway	13	77	82	2
Leicester	13	128	21	11
North East Lincolnshire	13	77	101	15
Portsmouth	13	56	62	16
Croydon	13	56	1	18
North Lincolnshire	13	13	121	18
Isle of Wight	13	23	132	18
Reading	13	95	51	19
Kingston upon Hull, City of	13	110	46	31
Blackburn	13	128	66	36
Birmingham	13	110	8	55
South Tyneside	13	31	126	137
Sheffield	25	31	38	11
Nottingham	25	117	34	33
Cambridgeshire	25	2	87	33
Northamptonshire	25	23	67	36
Barnsley	25	41	78	45
Bristol, City of	25	31	4	55
Herefordshire	25	13	123	69

Liverpool	25	56	104	86
Leeds	25	41	7	93
Coventry	25	117	49	120
Dorset	35	41	130	1
Stoke-on-Trent	35	105	89	9
Rotherham	35	23	88	19
Thurrock	35	77	90	19
West Sussex	35	13	142	45
Torbay	35	6	70	55
Staffordshire	35	56	140	55
North Yorkshire	35	23	115	64
Rochdale	35	56	83	78
Cornwall	35	41	60	93
Lincolnshire	35	23	125	93
Knowsley	35	105	133	117
Worcestershire	35	13	98	129
Central Bedfordshire	35	6	30	132
Derby	35	13	42	136
Slough	50	117	28	4
East Sussex	50	41	35	6
Barking and Dagenham	50	117	17	9
Enfield	50	77	12	31
Kirklees	50	56	107	42
Shropshire	50	31	141	55
Sandwell	50	117	31	69
Blackpool	50	77	69	69
Oxfordshire	50	31	114	69
Telford and Wrekin	50	77	102	78
Middlesbrough	50	56	103	78
Wiltshire	50	13	138	78
Somerset	50	56	122	110
Wirral	50	56	135	110
Dudley	50	41	137	117
North Tyneside	50	13	129	146
Bracknell Forest	66	1	50	3
Wolverhampton	66	117	79	6
Kent	66	31	57	16
Essex	66	77	32	19
Merton	66	117	20	45
Cumbria	66	77	146	45
Durham	66	95	150	64

Nottinghamshire	66	77	131	69
Bury	66	56	105	78
Halton	66	95	108	78
Milton Keynes	66	77	18	86
Salford	66	95	24	86
York	66	31	75	93
Manchester	66	117	3	102
Haringey	66	110	41	102
Calderdale	66	77	111	102
Sunderland	66	56	124	102
Leicestershire	66	56	112	110
Northumberland	66	77	145	132
East Riding of Yorkshire	85	31	143	18
Bournemouth	85	134	37	36
Southend-on-Sea	85	95	76	36
Bexley	85	110	40	55
Oldham	85	105	73	55
Tameside	85	56	36	64
South Gloucestershire	85	23	56	69
Brent	85	137	13	86
Buckinghamshire	85	41	100	86
Solihull	85	128	71	93
Cheshire West and Chester	85	41	119	93
Hartlepool	85	95	113	102
Sefton	85	41	127	110
Lewisham	85	105	26	129
Hackney	85	137	59	132
Gateshead	85	77	118	132
Stockton-on-Tees	85	41	86	137
Stockport	85	6	47	143
Newcastle upon Tyne	85	56	91	143
Waltham Forest	104	137	16	6
Derbyshire	104	56	149	19
Brighton and Hove	104	4	110	33
North Somerset	104	41	95	36
Swindon	104	95	106	42
Devon	104	41	148	55
Southampton	104	110	48	64
Warwickshire	104	31	144	64
Hillingdon	104	77	25	78
Bolton	104	56	63	93

Southwark	104	143	44	102
Lancashire	104	41	147	110
Ealing	104	137	15	120
Darlington	104	6	80	120
Gloucestershire	104	23	120	120
West Berkshire	119	4	65	19
Surrey	119	13	22	42
Windsor and Maidenhead	119	6	58	69
Hampshire	119	56	10	86
Newham	119	150	2	93
Islington	119	128	68	102
Lambeth	119	137	33	110
Tower Hamlets	119	147	39	120
Wigan	119	95	99	120
Wandsworth	119	117	54	146
Hounslow	129	128	5	11
Bath and North East Somerset	129	56	61	45
Redcar and Cleveland	129	77	134	45
Havering	129	95	19	69
Warrington	129	77	109	78
Hertfordshire	129	56	116	86
Harrow	129	117	11	110
Barnet	129	134	9	136
Bromley	137	105	22	45
Hammersmith and Fulham	137	137	84	93
Kingston upon Thames	137	110	72	117
St. Helens	137	128	94	120
Cheshire East	137	41	92	136
Wokingham	142	13	64	45
Kensington and Chelsea	142	145	93	136
Redbridge	144	147	14	69
Greenwich	144	143	6	102
Westminster	144	147	81	129
Camden	144	134	85	150
Sutton	148	117	29	137
Trafford	148	56	52	143
Richmond upon Thames	148	77	43	146

Table A2: Full rankings of all Local Authorities (secondary)

Local Authority	Rank in educational need / threshold attainment (1= lowest performing LA)	Rank in poverty gap (1= biggest gap between non FSM pupils and FSM pupils)	Rank in basic need (1= LA with most shortage of places)	Rank in Ofsted ratings (1= lowest percentage of schools rated Good or Outstanding)
Knowsley	1	101	107	82
Blackpool	2	122	63	4
Bradford	2	108	8	7
Nottingham	4	114	76	15
Kingston upon Hull, City of	5	110	126	17
Isle of Wight	6	122	116	1
Wolverhampton	7	137	92	40
Barnsley	8	44	84	10
Middlesbrough	9	127	83	17
Salford	10	93	60	32
Walsall	11	87	121	25
Milton Keynes	12	111	5	82
Doncaster	13	116	120	3
Liverpool	14	68	135	91
Redcar and Cleveland	15	89	119	14
Stoke-on-Trent	15	42	39	28
Peterborough	15	62	23	75
Derby	15	81	111	94
Sandwell	19	119	93	22
Portsmouth	20	115	81	27
Southampton	21	88	85	44
Sunderland	21	28	131	50
Leeds	21	52	34	56
Lewisham	24	129	9	58
Manchester	25	121	22	30
Suffolk	26	54	147	58
Telford and Wrekin	26	19	101	123
Northamptonshire	28	75	136	35
Leicester	29	142	35	117
Bedford	30	78	66	75
Coventry	31	106	57	50
Oldham	32	71	53	4
Northumberland	33	14	142	36
Norfolk	34	74	129	36
Swindon	35	94	77	25
Plymouth	35	63	96	104
East Sussex	37	91	91	117

Dudley	38	65	104	17
Brighton and Hove	39	50	45	50
Derbyshire	40	82	146	7
Tameside	40	50	36	22
Somerset	42	36	127	75
Sheffield	43	66	16	24
South Gloucestershire	44	79	123	16
Rochdale	44	102	73	117
South Tyneside	44	49	105	134
Luton	47	135	32	113
Blackburn	48	129	62	65
North Lincolnshire	49	71	95	75
Lincolnshire	50	75	117	58
Staffordshire	51	63	144	65
Sefton	52	83	115	17
Hartlepool	53	109	65	2
Stockton-on-Tees	53	10	86	10
St. Helens	55	98	58	4
Bristol, City of	55	30	28	65
Cornwall	57	105	133	94
North East Lincolnshire	58	28	74	13
Newham	58	144	2	131
Cambridgeshire	60	58	100	28
Warrington	60	7	79	32
Birmingham	60	117	1	75
Kirklees	63	91	96	44
Shropshire	64	86	108	65
North Tyneside	64	98	102	104
Essex	66	97	118	65
Leicestershire	66	58	128	75
Torbay	68	52	61	38
Waltham Forest	69	141	7	58
Devon	69	79	137	94
Wiltshire	69	7	106	131
Cumbria	72	56	140	30
Croydon	72	143	6	65
Poole	72	103	59	71
Lancashire	72	35	148	91
Darlington	76	44	56	12
Bury	76	128	81	123
Bracknell Forest	78	44	41	44

Lambeth	78	147	24	126
Central Bedfordshire	80	22	37	73
Halton	81	118	94	82
Bolton	82	104	54	40
Newcastle upon Tyne	82	30	109	102
Rotherham	82	24	103	126
West Sussex	85	43	47	40
Durham	85	73	141	123
East Riding of Yorkshire	87	39	139	9
North Somerset	87	56	42	138
Thurrock	89	95	87	136
Nottinghamshire	90	68	149	82
Wigan	90	10	80	102
Kent	90	12	150	113
Barking and Dagenham	93	131	3	50
Cheshire West and Chester	93	37	125	58
Wakefield	93	38	113	71
Stockport	96	6	64	94
Gateshead	97	61	72	44
Worcestershire	97	33	130	111
Hillingdon	99	77	110	75
Dorset	100	96	132	94
Herefordshire	100	107	90	104
Medway	102	55	112	113
Hackney	102	146	20	126
Hampshire	104	24	143	44
Wandsworth	105	111	51	140
Haringey	105	134	29	150
Reading	107	4	12	73
Oxfordshire	108	17	122	113
Greenwich	109	139	14	117
Enfield	110	132	15	99
Tower Hamlets	110	150	25	134
Ealing	112	133	11	58
Islington	113	149	44	150
Brent	114	138	27	32
Wirral	114	4	134	38
Calderdale	114	85	67	58
Havering	117	113	75	50
Bexley	118	58	50	82
Warwickshire	119	34	124	82

Camden	120	136	70	104
Gloucestershire	121	14	69	40
Solihull	121	19	48	99
North Yorkshire	124	30	145	56
Bournemouth	124	47	99	82
West Berkshire	124	24	88	99
Cheshire East	126	12	114	82
Bath and North East Somerset	127	17	98	140
Southend-on-Sea	128	1	68	44
Windsor and Maidenhead	129	22	55	17
York	129	3	43	104
Harrow	129	125	89	140
Southwark	132	145	12	143
Rutland	133	40	49	150
Richmond upon Thames	134	66	21	91
Surrey	134	47	71	138
Merton	136	100	26	126
Hammersmith and Fulham	137	83	52	110
Bromley	137	68	38	144
Hounslow	139	125	17	150
Wokingham	140	21	46	136
Hertfordshire	141	40	138	82
Barnet	142	90	18	131
Redbridge	143	119	10	117
Westminster	143	148	30	150
Slough	145	124	19	111
Buckinghamshire	146	2	31	50
Kingston upon Thames	147	16	33	104
Sutton	148	24	4	126
Trafford	149	9	78	117
Kensington and Chelsea	150	140	40	150

Appendix 2

This report has focused on trends and a broad picture across and between cohorts. Any single difference in data, e.g. a single year's comparison of closest schools to Local Authority wide performance is likely to be of limited value in and of itself. Hence the tables present a longitudinal picture and recognise where gaps are small and sample sizes limited.

Source data and definitions

"Progress" data has been calculated by taking the GCSE or Key Stage 2 result from the year of the Free School approval as a baseline. This has then been compared to 2014 GCSE or Key Stage 2 data. As noted in the report we have used 2014 data despite changes in the performance tables, however Appendix 3 lists calculations using 2013 data.

"Closest schools" are the three geographically nearest similar schools to the opening Free School. They have been chosen based only on their proximity to the Free School. They are also in the same Local Authority for comparative purposes.

"Educational need" means lowest performing in terminal exams at 11 and 16.

"Free Schools" refer to mainstream primary and secondary Free Schools only.

The defining of a Local Authority as being in basic need or surplus has been calculated by taking the forecasted places needed, and taking away actual places and spare places currently available. This data is from https://www.gov.uk/government/collections/statistics-school-capacity

The defining of a school as being in basic need or surplus is by the number of places under or over capacity reported by the school.

As surplus and basic need are binary definitions, they have not been broken into quartiles.

New schools which are filling year by year will have large surplus figures in early years, and this may affect some of the calculations

Caveats on specific years' data

2010 data: Only five secondary Free Schools were approved in 2010 to open in 2011, so this data covers only 15 "close schools" and five local authorities. As such the quartile data is from particularly small sample sizes (sometimes only one school)

Approximately one in four primary schools boycotted the 2010 SAT exams which form the national key stage 2 data. This means that there are gaps in the 2010 primary data, and some "closest schools" data is based on only one school. Again this primarily impacts on quartile data.

Free School Meal data is not available at the individual school level for 2009 – 2010, so we have used school level 2010 – 2011 Free School Meal data for 2010 analysis (as well as for 2011 analysis)

2012 data: In 2012, Free School Meal data moved to include "Ever 6" at the school level as opposed to just current recipients. This has the effect of increasing the percentage of Free School Meals, however schools are compared within a cohort, and not between, so this hasn't impacted on the results.

2014 data: Capacity data has only been published up to the year 2013. We have therefore applied 2013 capacity data to 2014.

List of data sources
Department for Education performance tables: www.education.gov.uk/schools/performance/
Ofsted performance tables: http://dataview.ofsted.gov.uk
School capacity: www.gov.uk/government/collections/statistics-school-capacity

Appendix 3

Table A3: Changes in national results for primary closest schools compared to home local authority and national results

Progress from year of approval until 2013

Approval year	Opening year	Closest schools	Progress of home Local Authority	National progress
2010	2011	1 ppts	3 ppts	2 ppts
2011	2012	0 ppts	-2 ppts	1 ppts
2012	2013	1 ppts	1 ppts	0 ppts

Table A4: Changes in national results for secondary closest schools compared to home local authority and national results

Progress from year of approval until 2013

Approval year	Opening year	Closest schools	Progress of home Local Authority	National progress
2010	2011	6 ppts	4 ppts	6 ppts
2011	2012	5 ppts	3 ppts	2 ppts
2012	2013	1 ppts	2 ppts	2 ppts

Table A5: Changes in national results for primary closest schools by quartile of performance

Progress from year of approval until 2013

Opening year	National	Closest Schools	Of which			
			Closest schools in Quartile 1 (highest performance)	Closest schools in Quartile 2	Closest schools in Quartile 3	Closest schools in Quartile 4
2011	2 ppts	1 ppt	-13 ppts	-2 ppts	6 ppts	13 ppts
2012	1 ppt	0 ppts	-5 ppts	1 ppt	0 ppts	7 ppts
2013	0 ppts	1 ppt	-3 ppts	-4 ppts	1 ppt	6 ppts

Table A6: Changes in national results for secondary closest schools by quartile of performance

Progress from year of approval until 2013

Opening year	National	Closest Schools	Of which			
			Closest schools in Quartile 1 (highest performance)	Closest schools in Quartile 2	Closest schools in Quartile 3	Closest schools in Quartile 4
2011	6ppts	1 ppts	0 ppts	4 ppts	5 ppts	18 ppts
2012	3ppts	0 ppts	-4 ppts	2 ppts	7 ppts	10 ppts
2013	2ppts	1 ppts	2 ppts	3 ppts	-1 ppt	1 ppt

Table A7: Changes in national results for primary closest schools by basic need or surplus

Progress from year of approval until 2013

Opening year	National	Closest Schools	Of which	
			Closest schools with Basic Need	Closest schools with Surplus places
2011	2 ppts	1 ppts	-3 ppts	1 ppts
2012	1 ppts	0 ppt	-2 ppts	3 ppts
2013	0 ppts	1 ppts	1 ppts	1 ppts

Table A8: Changes in national results for secondary closest schools by basic need or surplus

Progress from year of approval until 2013

Opening year	National	Closest Schools	Of which	
			Closest schools with Basic Need	Closest schools with Surplus places
2011	6 ppts	1 ppts	6 ppts	4 ppts
2012	3 ppts	0 ppt	3 ppts	6 ppts
2013	2 ppts	1 ppts	1 ppts	1 ppts

Table A9: Changes in national results for primary closest schools by quartile of poverty

Progress from year of approval until 2013

Opening year	National	Closest Schools	Of which			
			Closest schools in Quartile 1 (Lowest FSM)	Closest schools in Quartile 2	Closest schools in Quartile 3	Closest schools in Quartile 4
2011	2 ppts	1 ppts	-7 ppts	-16 ppts	1 ppts	5 ppts
2012	1 ppts	0 ppts	-1 ppts	10 ppt	3 ppts	2 ppts
2013	0 ppts	1 ppts	1 ppts	2 ppts	1 ppt	3 ppts

Table A10: Changes in national results for secondary closest schools by quartile of poverty

Progress from year of approval until 2013

Opening year	National	Closest Schools	Of which			
			Closest schools in Quartile 1 (Lowest FSM)	Closest schools in Quartile 2	Closest schools in Quartile 3	Closest schools in Quartile 4
2011	6ppts	1 ppts	11 ppts	-2 ppts	11 ppts	6 ppts
2012	3ppts	0 ppts	2 ppts	-1 ppts	5 ppts	7 ppts
2013	2ppts	1 ppts	-1 ppts	1 ppts	2 ppt	1 ppt

Table A11:

Secondary	5 A* to C at GCSE incl. E&M	Primary	% L4+ in KS2 E&M
England	60.6	England	75
Knowsley	43.7	Poole	63
Blackpool	46.1	Luton	68
Portsmouth	47.6	Bradford	69
Isle of Wight	48.7	Reading	69
Stoke on Trent	49.9	North East Lincolnshire	70
Kingston upon Hull	50.1	Portsmouth	70
Barnsley	50.3	Suffolk	70
Middlesbrough	50.3	Rutland	70
Nottingham	50.3	Medway*	71
Bristol	52.3	Walsall *	71

*There are a further 9 Local Authorities with identical levels of L4 attainment at Key Stage 2 in 2013: Norfolk, Coventry, North Lincolnshire, Rotherham, Wakefield, Kingston upon Hull, Peterborough, Herefordshire, Central Bedfordshire

Table A12: Ofsted grading and end of key stage results for the 10 lowest performing local authorities in 2013 exams

Secondary	5 A* to C at GCSE incl. E&M	Osted % G&O schools	Primary	% L4+ in KS2 E&M	Osted % G&O schools
England	60.6	72	England	75	80
Knowsley	43.7	75	Poole	63	93
Blackpool	46.1	50	Luton	68	75
Portsmouth	47.6	56	Bradford	69	98
Isle of Wight	48.7	17	Reading	69	77
Stoke on Trent	49.9	50	North East Lincolnshire	70	72
Kingston upon Hull	50.1	54	Portsmouth	70	72
Barnsley	50.3	29	Suffolk	70	73
Middlesbrough	50.3	50	Rutland	70	77
Nottingham	50.3	46	Medway	71	59
Bristol	52.3	70	Walsall	71	67

Table A13: End of key stage results for the 10 lowest performing local authorities in 2013 exams and gap between FSM and non FSM pupils

Secondary	5 A* to C at GCSE incl. E&M	Gap between FSM and non FSM 5A*-C at GCSE (incl E&M)	Primary	% L4+ in KS2 E&M	Gap between FSM and non FSM % L4+ in KS2 E&M
England	60.6	26.9	England	75	18
Knowsley	43.7	27.8	Poole	63	14
Blackpool	46.1	26.5	Luton	68	13
Portsmouth	47.6	29.7	Bradford	69	15
Isle of Wight	48.7	27.4	Reading	69	19
Stoke on Trent	49.9	26.7	North East Lincolnshire	70	18
Kingston upon Hull	50.1	20.7	Portsmouth	70	20
Barnsley	50.3	31.4	Suffolk	70	21
Middlesbrough	50.3	25.9	Rutland	70	35
Nottingham	50.3	29.6	Medway	71	20
Bristol	52.3	31.5	Walsall	71	21

Table A14: End of key stage results for the 10 lowest performing local authorities in 2013 exams and place shortage/surplus

Secondary	5 A* to C at GCSE incl. E&M	Place surplus or shortage*	Primary	% L4+ in KS2 E&M	Place surplus or shortage*
England	60.6	-	England	80	-
Knowsley	43.7	2011	Poole	63	359
Blackpool	46.1	465	Luton	68	-876
Portsmouth	47.6	975	Bradford	69	-2776
Isle of Wight	48.7	2549	Reading	69	-2523
Stoke on Trent	49.9	-406	North East Lincolnshire	70	2553
Kingston upon Hull	50.1	3279	Portsmouth	70	975
Barnsley	50.3	1026	Suffolk	70	8635
Nottingham	50.3	930	Rutland	70	59
Middlesbrough	50.3	1000	Medway	71	2425
Bristol	52.3	-1054	Walsall	71	2938

*A negative number indicates a place shortage; a positive number indicates surplus places in the LA. As of summer 2013 (latest available data)

Table A15: Performance of FSM children at Key Stages 2 and 4 in the 15 local authorities with the greatest reported place shortages

| Local Authority Name (secondary)	%FSM 5 A*-C at GCSE (incl E&M)	Local Authority name (primary)	%level 4+ on FSM
ENGLAND	34.6	ENGLAND	60
Birmingham	47.3	Coventry	55
Newham**	50.5	Newham**	76
Barking and Dagenham	49.1	Manchester	66
Sutton	42.7	Bristol, City of	57
Milton Keynes	41.3	Hounslow	63
Croydon**	49.5	Greenwich**	73
Waltham Forest	46.0	Leeds	53
Bradford	35.6	Birmingham	63
Lewisham	39.5	Barnet	65
Redbridge**	54.2	Hampshire	55
Ealing	47.5	Harrow	66
Reading	35.1	Enfield	65
Southwark**	60.1	Brent**	69
Greenwich**	51.3	Redbridge**	69
Enfield	43.8	Ealing	65

**Local Authorities who are in the top 10% nationally for performance of FSM children

Appendix 4

Graph A1: Correlation between percentage of primary schools graded Ofsted Good or Outstanding and Key Stage 2 results at local authority level
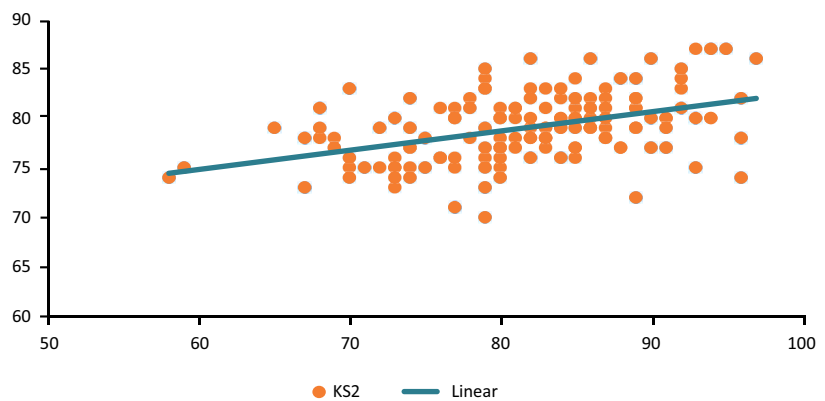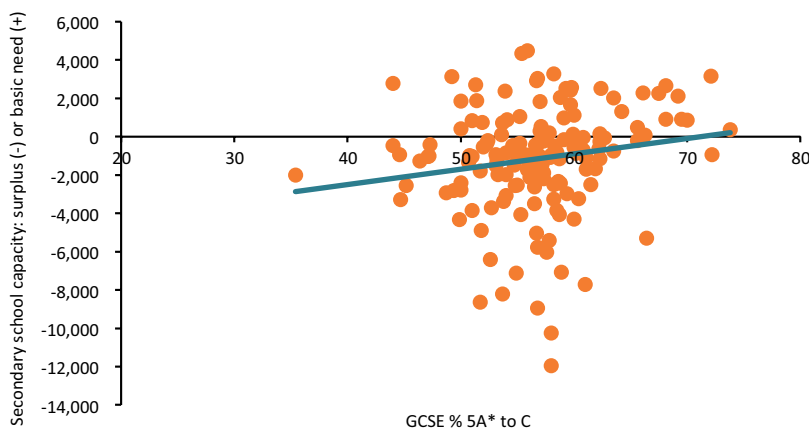

Graph A2: Correlation between percentage of secondary schools graded Ofsted Good or Outstanding and GCSE results at local authority level
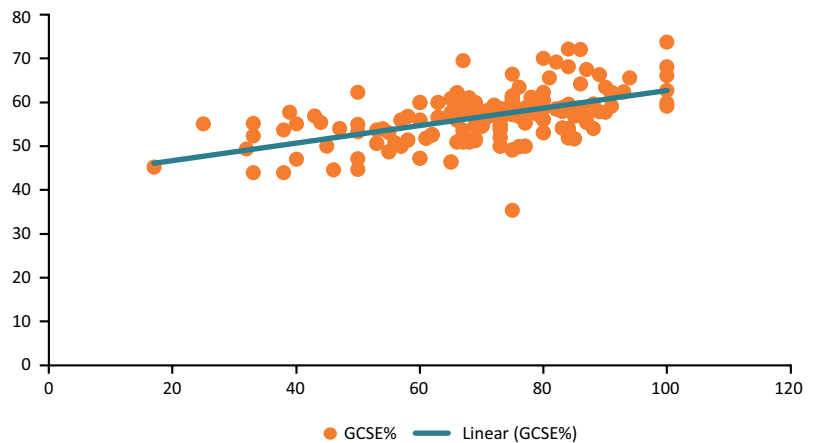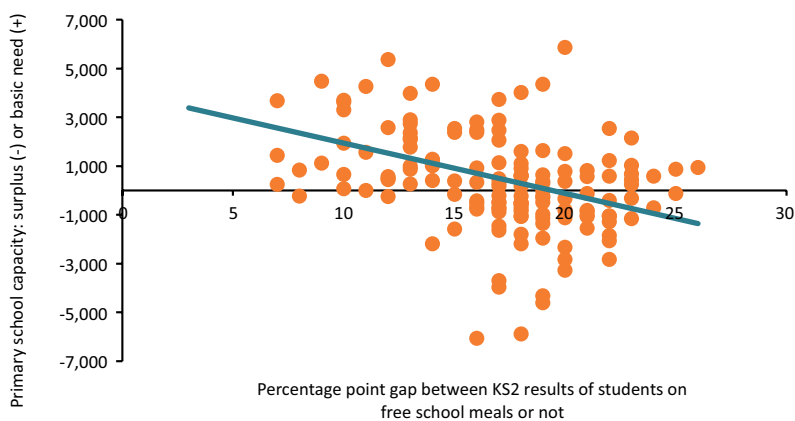
Graph A3: Correlation between local authorities' primary school place capacity and results at Key Stage 2
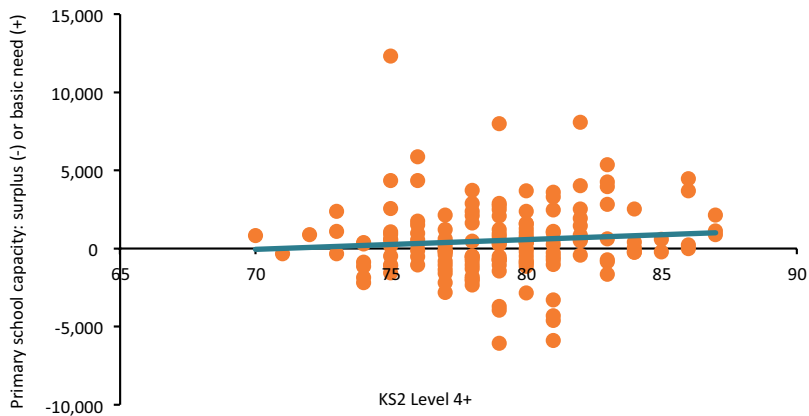

Graph A4: Correlation between local authorities' secondary school place capacity and results at GCSE

Graph A5: Correlation between local authorities' primary school place capacity and the gap in Key Stage 2 pass rates between children on free school meals and not

Graph A6: Correlation between local authorities' secondary school place capacity and the gap in key stage 2 pass rates between children on free school meals and not
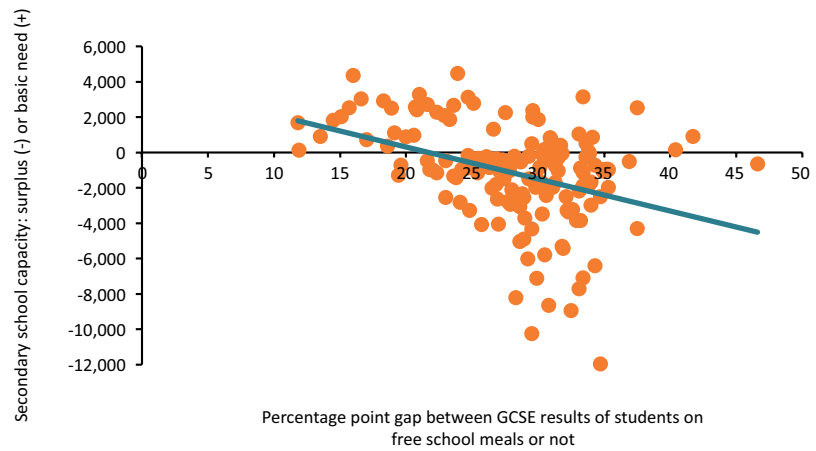
Appendix 5

Table A15: Number of primary schools analysed by year of Free School opening

	2011	2012	2013	2014
Free Schools	16	19	35	22
Close schools	48	57	105	66

In total, 92 primary Free Schools and their 276 closest schools have been analysed for this report

Table A16: Numbers of primary close schools in year of Free School opening by each quartile of educational need

	2011	2012	2013	2014
Quartile 1	10	13	22	24
Quartile 2	4	12	28	14
Quartile 3	4	13	24	17
Quartile 4	7	18	28	32
Total	25	56	102	66

Table A17: Numbers of primary close schools in year of Free School opening by each quartile of poverty (Free School Meals)

	2011	2012	2013	2014
Quartile 1	4	8	4	9
Quartile 2	10	8	27	12
Quartile 3	11	8	29	21
Quartile 4	23	32	45	24
Total	48	56	105	66

Table A18: Numbers of primary close schools with Basic Need or surplus places by year of Free School opening

	2011	2012	2013	2014
Basic need	15	17	24	13
Surplus	32	38	79	51
Neither	1	2	2	2
Total	48	57	105	66

Table A19: Number of secondary schools analysed by year of Free School opening

	2011	2012	2013	2014
Free Schools	5	20	28	26
Close schools	15	60	84	78

In total, 79 secondary Free Schools and their 237 closest schools have been analysed for this report

Table A20: Numbers of secondary close schools in year of Free School opening by each quartile of Educational Need

	2011	2012	2013	2014
Quartile 1	4	8	21	12
Quartile 2	1	20	17	25
Quartile 3	3	10	24	18
Quartile 4	7	22	22	23
Total	15	60	84	78

Table A21: Numbers of secondary close schools in year of Free School opening by each quartile of poverty (Free School Meals)

	2011	2012	2013	2014
Quartile 1	3	9	17	6
Quartile 2	2	12	14	11
Quartile 3	2	9	19	18
Quartile 4	6	26	31	38
Total	13	56	81	73

Table A22: Numbers of secondary schools in year of Free School opening with Basic Need or surplus places

	2011	2012	2013	2014
Basic need	4	16	34	6
Surplus	10	43	48	63
Neither	1	1	2	9
Total	15	60	84	78

The first Free Schools were approved in 2010, and by the time this report is released more than 400 will have been approved to open. The scale of the Free Schools project has certainly been a success, but until there is external data for the first cohort of schools, it is hard to judge how successful the individual schools have been. What this report does for the first time however, is analyses their impact on other nearby schools, and therefore their impact at a systemic level.

The research in this report finds that Free Schools are raising standards for other pupils across their local communities, especially in some of the poorest performing schools. It finds that contrary to some of the criticisms levelled at them, Free Schools have not dragged down the results of underperforming neighbouring schools – but rather, they have improved them. This undermines one of the key criticisms of opponents of Free Schools over the last five years and challenges the belief that Free Schools should only be opened where there is a basic need for school places.

The reforms set out in this paper focus on supporting communities across the country to have real school choice by allowing them to set up new schools wherever they wish to have one and wherever they can provide a high quality plan for doing so. It proposes that there should be a range of planning and funding measures to make it easier for new Free Schools to open in areas of educational underperformance, as these are the areas where they can have the most impact.