USING SPARE CAPACITY IN SCHOOLS FOR NEW NURSERIES: DO THE NUMBERS ADD UP?

11 NOVEMBER 2024

AUTHORS

Dr Gillian Paull
Associate
Gillian.Paull@frontier-economics.com

Nick Fitzpatrick
Manager
Nick.Fitzpatrick@frontier-economics.com

To help deliver new free childcare places for working parents, the government proposes to convert growing spare capacity in primary schools in England into more than 3,000 new nurseries.

Using government data, we have explored whether the numbers add up to allow this to work. We have examined where in the country the spare capacity will be situated, and whether this matches where demand for new places will be. We have also considered whether spare capacity will be sufficiently concentrated within individual schools to make new nurseries feasible.

The expansion of government support for childcare

In the Spring Budget of 2023, the Chancellor announced that the Free Early Education Entitlement in England would be extended to further support parents to work. The offer of 30 hours of childcare per week over 38 weeks per year for working parents[1] would be extended from children aged three and four to those aged nine months and up, in a phased rollout beginning in April 2024 and finishing in September 2025.[2]

The new Labour government will continue the rollout of this extension. It proposes to support delivery by using spare space in primary school buildings freed up by declining pupil numbers to create 3,334 new nurseries with 100,000 extra nursery places for areas that cannot meet demand. They estimate this will cost £40,000 per classroom – a total of around £140 million.[3,4]

Could spare school capacity meet demand for nursery places?

According to government estimates, the expansion of the Free Early Education entitlement will require nearly 78,000 new nursery places by September 2025.[5] Total pupil numbers in state primary schools in England are projected to fall by just over 100,000 between September 2022 and September 2025,[6] so on the face of it, spare school capacity could

[1] This is in addition to a universal early education offer of 15 hours per week for 38 weeks each year for all children from the term after they turn three, and a similar offer for disadvantaged children aged two.

[2] The phased rollout began with 15 hours per week for eligible two-year-olds from April 2024, followed by 15 hours per week for children under age two from September 2024. It will be completed with 30 hours per week for all eligible children from the age of nine months from September 2025.

[3] The new nurseries on school sites do not have to be run by schools themselves, but could be delivered by local and voluntary providers. The expanded offer can also be delivered by other providers (private and voluntary nurseries and childminders) not on school sites.

[4] For example, see BBC report June 2024.

[5] The data and methodological background for the estimates are available from DfE. Our total number sums together the estimated hours required in each Local Authority for April 2024, September 2024 and September 2025. It then divides this by 26, the assumed average weekly hours used in the Government's calculations (see Spring_budget_2023_childcare_expansion_costing_note).

[6] The data on projected numbers of school pupils is drawn from education-statistics.service.gov.uk. Our total number covers reception to Year 6 as no projections for nursery classes were identified. It is not clear whether the projections for pupil

comfortably accommodate demand. Pupil numbers in primary schools are also projected to fall by an additional 100,000 by September 2027, making the government's proposal seem even more sound.[7,8]

But these headline numbers assume that primary schools can flexibly move children across the seven year groups from reception to Year 6. This seems unrealistic for most schools. It is more likely that the use of spare space for nursery provision will be restricted to the youngest classes, where mixing across age groups could be feasible.[9]

Pupil numbers in reception classes are projected to fall by around 32,000 between 2022 and 2025. This would equate to only 41% of new demand for nursery places. But adding spare capacity from Year 1 and then Year 2 raises this number to 67,000 and then 96,000 (86% and 123% of estimated new nursery demand respectively).

However, pupil numbers in these infant classes are not projected to fall substantially between 2025 and 2027, and spare capacity is unlikely to increase much immediately beyond 2025.[10] So, while spare capacity in reception classes could make a substantial contribution to new nursery provision, flexibility to combine spare space across multiple year groups would be required to meet it entirely.

Will there be spare capacity in the right areas of the country?

Even if the national numbers add up, there is the question of whether spare capacity will be situated in the areas that need it the most. Geographical matching is crucial: spare school space cannot be transported to where it is needed and parents are generally unable to travel

numbers make any allowance for inflows from private schools due to the planned addition of VAT to private school fees. We calculate the change in pupil numbers from 2022 to allow for some preexisting spare capacity when the rollout of the extended free childcare began in April 2024.

[7] Media reports have focused on the decline in pupil numbers some years ahead, for example citing numbers for 2029 (BBC report June 2024) or 2030 (Schools Week report).

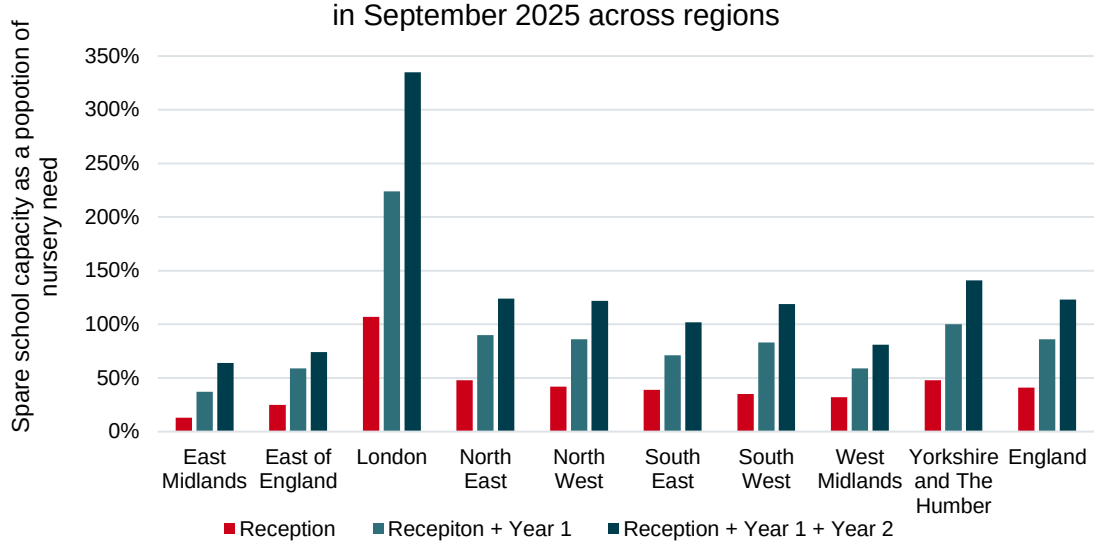
[8] The addition of VAT to private school fees could reduce the amount of spare capacity if there is a flow of pupils from private schools into the state sector. It is estimated that the total flow (over some time rather than immediately) is likely to be in the range of 20,000 to 40,000 pupils (IFS tax-private-school-fees). Assuming an even distribution across age groups, this implies an inflow of 10,000 to 20,000 for primary schools. It is not clear whether the DfE projections have incorporated any estimate of the impact of the addition of VAT for private schools, but the projected spare capacity in primary schools could be slightly lower (from 5% to 20% according to timing and the range of the private school outflow estimate).

[9] Little evidence on mixed classes in primary schools in England was identified. A DfE report published in 2019 (Running-rural-primary-schools-efficiently) states that there are just under 2,000 small rural primary schools among which mixed age classes (defined as pupils from multiple age groups sharing the same teacher) are common. The report gives two examples of class structures: four mixed-age classes combining nursery with reception, Year 1 with Year 2, Year 3 with Year 4 and Year 5 with Year 6, and three mixed-age classes combining reception with Year 1, Year 2 with both Years 3 and 4, and Year 5 with Year 6. This suggests that pupils from the same year group are generally not split across mixed classes and that shuffling small numbers of pupils across all year groups in a school to concentrate spare space is unlikely. Hence, we consider combining spare space across the three infant classes but not across the entire school.

[10] Spare capacity in September 2027 is projected to be 28,000 for reception classes, 69,000 with the addition of Year 1 classes and 123,000 with the addition of Year 2 classes (equalling 36%, 89% and 158% of estimated new nursery demand respectively).

long distances for childcare. But our study shows that matching across regions is poor (Figure 1).

Figure 1: Spare school capacity as a proportion of new nusery need in September 2025 across regions



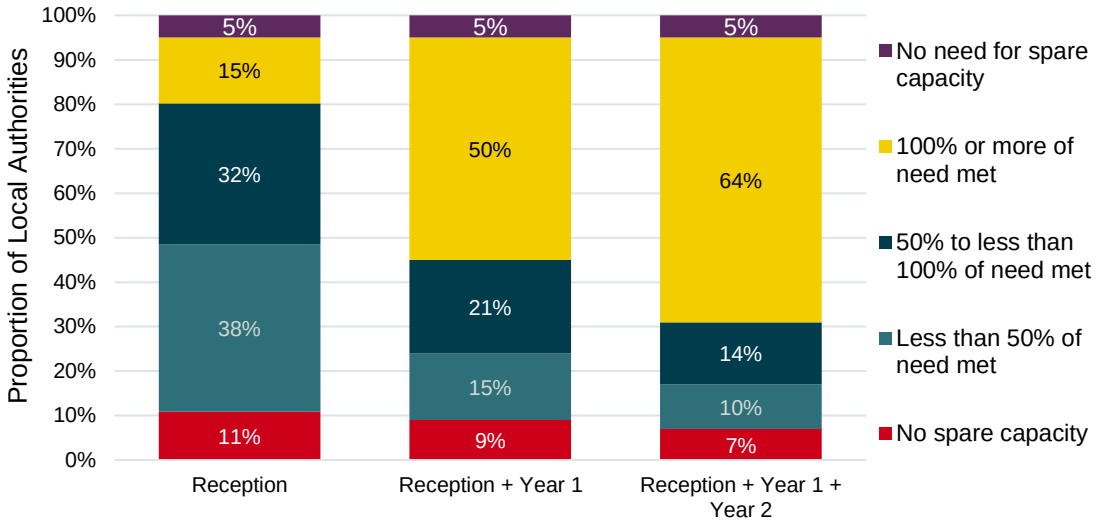
Source: Frontier calculations using DfE data on estimated nursery need from DfE early-years-places-and-workforce-need and on projected numbers of school pupils from education-statistics.service.gov.uk.

London is the only region in which projected spare reception space alone could meet the estimated additional demand for nursery places. In five other regions, reception space meets less than half of the expected nursery need but adding spare capacity from Years 1 and 2 could mean demand is satisfied. Then there are three regions in which only a small proportion of demand can be met with reception space alone (13% in the East Midlands, 25% in the East of England and 32% in the West Midlands). Even when capacity from Years 1 and 2 is added in these regions, total capacity still falls substantially short of meeting new nursery demand.

Moving from regional level to Local Authority (LA) level, it is estimated that 5% of LAs will have no need for additional nursery places, while reception space alone could meet the estimated new nursery demand in 15% of LAs (Figure 2). However, reception space alone could meet less than half of the new demand in just under half (49%) of LAs, while just over one in ten (11%) LAs are projected to have no spare capacity in reception classes.

If reception space could be combined with Year 1 space, half of LAs would have sufficient space to meet the new nursery demand, rising to just under two-thirds (64%) if Year 2 spare capacity could be added too. But even combining spare space across all three infant groups, 17% of LAs would still not be able to meet even half the need for new places (and 7% would have no spare capacity at all).

Figure 2: Spare school capacity as a proportion of new nursery need in September 2025 across Local Authorities



Source: Frontier calculations using DfE data on estimated nursery need from DfE early-years-places-and-workforce-need and on projected numbers of school pupils from education-statistics.service.gov.uk.

Overall, spare capacity in state primary schools will only be sufficient to meet new nursery demand in most areas if schools are able to combine the spare spaces from declining pupil numbers across several age groups. But even this combined spare school capacity will not be enough to meet demand in some regions.

Do the numbers add up for individual schools?

There is another challenge: would spare capacity be sufficiently concentrated within individual schools to allow them to open new nurseries?

The government's proposal – to create 3,334 nurseries that offer a total of 100,000 childcare places – assumes an average of 30 places per nursery. We therefore explored whether the average (mean) number of spare places per state primary school[11] would be sufficient to offer this.

Nationally, the average number of spare places per school is projected to be two for reception, four for reception and Year 1 combined, and six when reception, Year 1 and Year 2 are combined. While there is no minimum number of places a nursery has to offer, these low levels are unlikely to be viable for opening new settings – and fall far short of the 30-place target.

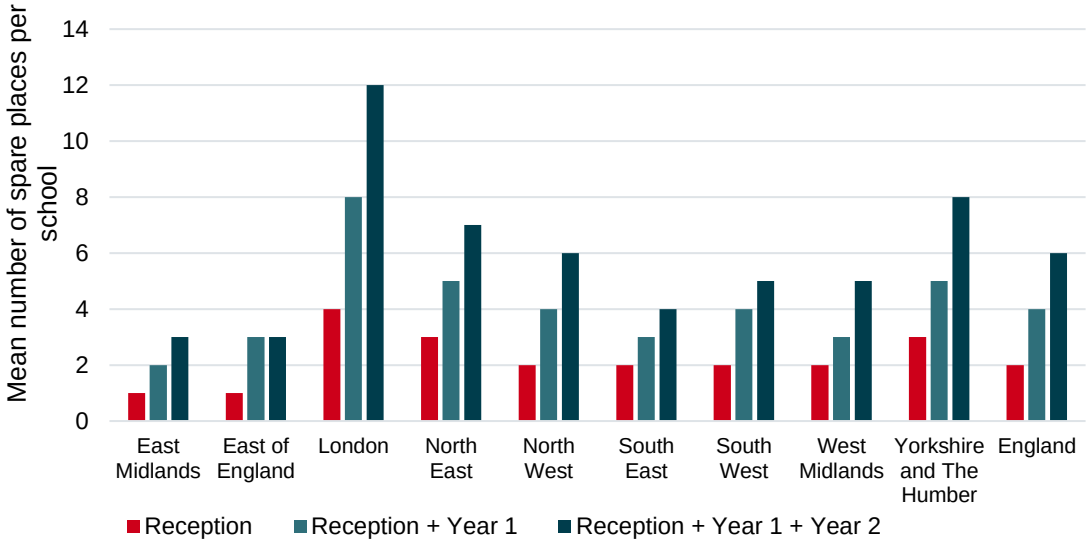
Consistent with the spare capacity patterns shown in Figure 1, the numbers of spare places per school are particularly low in the East Midlands and East of England, and highest in London (Figure 3). No region is projected to have more than four spare places per school from reception classes, while only three regions (London, the North East, and Yorkshire and

[11] The number of schools for each LA is drawn from explore-education-statistics.

the Humber) have an average number of spare places above six when combining all three nursery classes.

This suggests that the policy might work better in London than in other regions. But the substantial excess supply of spare capacity in London could also mean that the demand is spread thinly across schools, and that individual schools find there is insufficient demand for their new nursery places.

Figure 3: Average number of spare places per school across regions



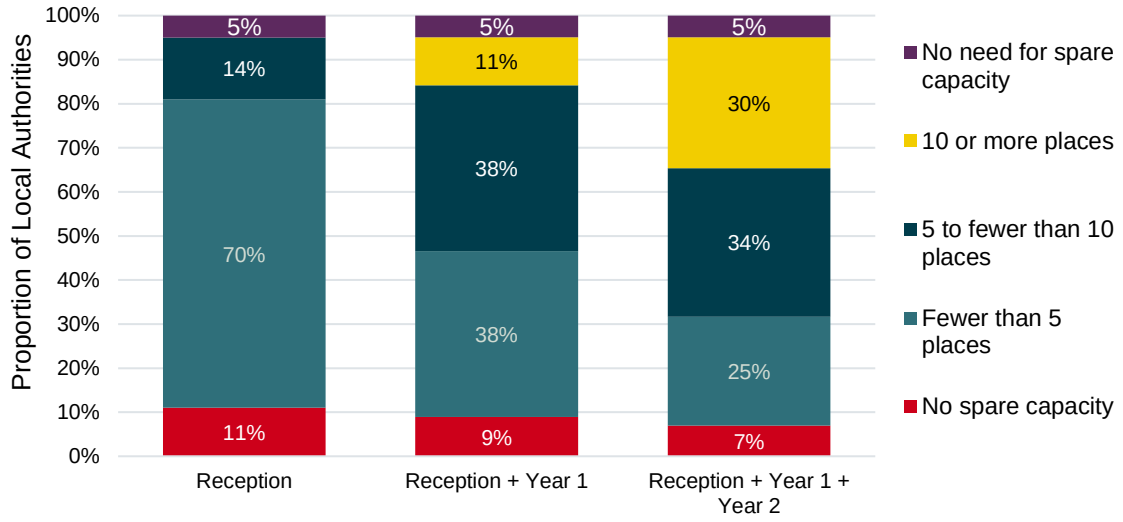
Source: Frontier calculations using DfE data on the projected numbers of school pupils from education-statistics.service.gov.uk and numbers of schools in each LA from explore-education-statistics.

At the local level, no LA has ten or more spare places per school from reception classes alone (Figure 4).[12] Figure 2 showed that 15% of LAs had spare capacity from reception classes which met or exceeded the estimated new demand, but around half of these have five to ten spare reception places per school and around half have fewer than five places per school.

Even combining spare space across all nursery classes, less than a third (30%) of LAs have an average of ten or more spare places per school. Most of the remaining 34% of LAs with spare capacity meeting or exceeding the estimated new demand have an average of five to ten places per school, on the margins of viability for a new nursery. However, as with London at the regional level, schools in areas where spare capacity outstrips new demand may find that there is insufficient demand fill their new nursery places.

[12] The 5% of LAs without any need for additional nursery places are placed in a separate category in Figure 4 because the number of spare places per school is not relevant in these areas.

Figure 4: Average number of spare spaces per school across Local Authorities



Source: Frontier calculations using DfE data on the projected numbers of school pupils from education-statistics.service.gov.uk and numbers of schools in each LA from explore-education-statistics.

These findings at the school level highlight the fact that both spare capacity and demand for new places must be sufficiently concentrated to make opening new nurseries viable. Areas with low levels of spare capacity might benefit from LA management to reconfigure school space. Areas with high spare capacity exceeding estimated new demand, might benefit from LA management to control the numbers and geographic spacing of new school nurseries to ensure sufficient levels of demand for each new nursery.

Why create new nurseries rather than expand existing ones?

The government policy is focused on *new* nurseries. There are currently around 9,700 school-based nurseries, which means that the roughly 3,000 new nurseries would need to come from the remaining 7,000 state primary schools who do not currently have nursery provision.

In the absence of school-specific data, it is not possible to determine how many of these 7,000 schools would have sufficient spare capacity or be located in the right places to meet new nursery demand. It's also possible that these schools not to offer nursery provision because they face specific challenges which are unrelated to physical space.

A better approach might be for the government to support the expansion of existing nurseries, as well as the creation of new nurseries in primary schools. It might be easier to incorporate low levels of spare capacity into an existing nursery than to set up a new one. Combining expansion with new provision would also widen the net for matching demand with spare school capacity.

Should new nursery places be in schools?

Putting capacity aside, there is some debate about whether primary schools are the best place for new nurseries to be situated.

Evidence indicates that the average quality of early education is higher in school-based settings.[13] It is also argued that better pay and conditions in the school sector could attract new staff into the early years sector,[14] which is suffering from staff recruitment and retention problems.[15]

But most preschool care and early education in England is currently delivered by private and voluntary settings rather than schools. These settings deliver 78% of all early years registered places, including 91% of places for two year-olds and 98% for children under two.[16] It is argued that the experience of these settings of caring for babies and children under two (the age groups eligible for the extended free childcare) means they offer a more appropriate experience for very young children than school environments.[17] Working parents might also struggle with limited school opening times, and the fact that school settings generally only operate in term time, rather than year-round.[18]

Conclusion: can spare capacity in schools make a difference?

In the immediate term, it is hard to see how spare capacity in primary schools can make a significant contribution to delivering the required new nursery places. Setting up new nurseries will require considerable flexibility on the part of schools to rearrange their age groups – and even then, the numbers of spare places would be infeasibly low at many schools.

There could be a role for LAs to manage the conversion of spare capacity, concentrating the space for new nursery places into a limited number of schools to ensure both sufficient space and demand. But even with full utilisation of spare capacity, poor geographic matching would leave some areas falling well short of local demand.

---

[13] DfE SEED report on Early Years Provision Quality (SEED reports).

[14] See DfE, SCEYP_2021_Finance_Report. With regards to the plan for new nurseries in schools, UNISON has argued: "As workers in school-run nurseries are on nationally agreed local authority rates, wages tend to be higher than in privately run establishments. This should help the new nurseries attract the best staff and keep hold of them too." (UNISON news).

[15] For example, see DfE, Early-years-workforce.

[16] Figures are derived from the DfE's Survey of Childcare and Early Years Providers at SCEYP statistics.

[17] For example, a range of concerns about the appropriateness of a school environment for very young children are detailed in survey findings reported in Nursery World Long Read. One respondent summarised as follows: "A pre-school environment should be very different in physical structure and pedagogy to that of a school environment."

[18] For example, one sector organisation stated: "Labour must also consider the additional costs and practical challenges if it wants school-based nurseries to be open year-round and to fit with parents' working hours, and the additional expertise needed in primary schools if they are to take in younger children." (Early Education response).

In conclusion, this suggests that additional approaches for expanding nursery provision should be explored. Supporting expansion of existing nurseries in schools and providing sufficient funding to encourage expansion of the delivery of free places in private and voluntary settings could be good places to start.

frontier economics

WWW.FRONTIER-ECONOMICS.COM