

Government loans to build new schools alongside new homes

Housing developers will be given loans so they can deliver thousands of school places up front, so they are ready for communities before new properties are finished.

To meet the rising demand for more places at good schools, and help families get on the property ladder, the Education Secretary Gavin Williamson has today (Thursday 10 October) said up to £20 million per school would be made available to builders.

It means new school places are financed and delivered up-front – rather than builders having to wait for new homes to be built and sold before having the money to build the development. The loan will be charged at interest, and repayable once new homes are sold.

The scheme will incentivise developers to build more properties in the areas most in need – including on sites that have stood empty for a long period of time.

The new schools will build on the 921,000 new school places created nationwide since 2010, leaving the Government on track to deliver a million new places by the end of the decade, and rising standards in schools – with 85% of schools now judged good or outstanding, up from 68% in 2010.

It also helps boost the viability of new housing estates, particularly those led by small and medium sized developers where cashflow is a significant issue.

Education Secretary Gavin Williamson, said:

We want to offer parents across the country a good choice of local schools for their children that suits their talents and needs, and we're already on track to create one million new school places nationwide this decade.

But we know that in some cases, building schools and properties at the same time so they are ready for new communities can be challenging for housing developers. That's why we are launching these loans today, to help parents secure a good school place for their child at the same time as moving into a new family home.

Housing Minister Rt Hon Esther McVey MP said:

It's only right that infrastructure is delivered up front – including thousands of new school places – which supports existing

communities and the new homes which we need building.

I welcome this support being made available today – helping medium and large sized house builders deliver new schools as they deliver the homes we urgently need.

The Developer Loans for Schools programme, launched in partnership with the Ministry of Housing, Communities and Local Government, will give parents even more choice of a good school place through a pilot, running from 2019 to 2021, in areas that meet specific criteria, including:

- Demand for more good school places;
- An approved application to open a new free school before the loan changes hands;
- Planning permission to build extra homes;
- Demonstrable value-for-money of the project;
- Early funding required for the school as part of housing developments; and
- The borrower must be a UK-registered company and must own the site.

Housing developers are already expected to contribute to the costs of new schools to help meet the need arising from new housing, but can struggle to raise the funds to get schools ready in time for families moving to new developments. The new loans will help plan mixed-used developments – which offer new homeowners an entire community as well as a new home – more effectively.

Developers interested in taking part in the pilot programme, which will initially offer around 10 loans to successful bidders can express their interest and submit their project proposals to the Department for Education from October 2019 – all projects will need to demonstrate value for money, affordability, and must meet the eligibility criteria outlined in the prospectus also published today.

The new loans build on the [Department's guidance](#) published earlier this year which aims to support local authorities to secure contributions from developers to fund school places that their new housing developments create, outlining how local authorities can negotiate the funding and land required from developers for new schools and school expansions.

It also follows updated [Planning Practice Guidance](#) which ensures that funding for schools is properly considered when housing developments are planned.

The Government also recently announced £14bn for primary and secondary schools in England between now and 2022/23 – delivering on the Prime Minister's pledge to increase school funding to give all young people the same opportunities to succeed regardless of where they live or go to school.