

Press Release

Proposed pupil premium could increase school funding inequalities

This morning, Deputy Prime Minister Nick Clegg confirmed that the Government will introduce a 'pupil premium' in England. This will provide extra money to state schools for each pupil from a disadvantaged background.

The Department for Education is currently consulting on the design of this pupil premium, and today IFS researchers publish their response to the consultation. Its two key conclusions are that:

- Overall, it would be broadly 'progressive' in the sense that the average percentage increase in funding would be greater for schools that are more deprived;
- But schools in more deprived areas would, under the proposed model, receive a smaller pupil premium than similarly-deprived schools in more affluent areas.

A central feature of the Government's proposal is that local authorities where funding per pupil is currently high (after taking differences in local area costs into account) would receive a smaller pupil premium than those where funding per pupil is currently low. Given that disadvantaged areas tend to receive higher funding, the pupil premium would therefore be smaller for schools in deprived local authorities and larger for schools in more affluent ones. The consultation document justifies this by claiming that deprivation funding is currently "spread more thinly in less deprived authorities, so that schools in those authorities currently receive less funding for their deprived pupils."

However, new analysis by IFS researchers finds no evidence that this is the case. If anything, the additional funding for each disadvantaged pupil is currently higher for schools in less deprived local authorities than those in more deprived areas: the proposed pupil premium would therefore widen existing differences in funding for deprived pupils rather than close them.

The Deputy Prime Minister, Nick Clegg, today announced that £2.5 billion will be available for a pupil premium by the end of the current Parliament. Using this figure and the proposed structure above, our analysis indicates that the policy would be broadly progressive, in the sense that schools with more disadvantaged pupils would see a higher percentage increase in their funding than those with fewer disadvantaged pupils. However, schools in more deprived areas would, under the proposed model, get a smaller percentage increase in funding than similarly-deprived schools in less deprived areas. The schools that benefit the most would be those with a high number of disadvantaged pupils, but situated in a less disadvantaged area.

Furthermore, given the scale of the likely cuts in departmental spending to be announced next Wednesday, it seems likely that overall school funding will be cut in real terms. If such cuts are shared equally across schools, then the pupil premium could (depending on its final size, and on the cuts to the overall budget) lead to a net result where schools in affluent areas see their funding go up, on average, while schools in deprived areas experience cuts in funding.

Tel: +44 (0) 20 7291 4800
Fax: +44 (0) 20 7323 4780

mailbox@ifs.org.uk
www.ifs.org.uk

7 Ridgmount Street
London WC1E 7AE

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Contacts

Bonnie Brimstone,
Institute for Fiscal Studies

020 7291 4800

Acting Director:
Carl Emmerson

Research Director:
Richard Blundell

The Institute for Fiscal Studies
Limited by Guarantee,
Registered in England: 954616
7 Ridgmount Street
London
WC1E 7AE

Registered Charity: 258815
VAT no: GB 394 5830 17

Luke Sibieta, a co-author of the report and a senior research economist at IFS, said:

“The pupil premium proposed by the Government would be broadly progressive since more deprived schools have many more pupils who would attract additional funding. That the pupil premium should be higher in less deprived areas is hard to justify: it would widen inequalities in funding for deprived pupils, rather than reduce them. Attaching the same pupil premium to all disadvantaged pupils regardless of where they live would not only be simpler, it would also be more consistent with the Government’s stated objectives.”

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Notes to Editors:

1. The coalition’s programme for government included a commitment to introduce a pupil premium in England, with the aim of narrowing the educational achievement gap between rich and poor pupils by attaching greater school funding to those from disadvantaged backgrounds. The Department for Education’s school funding consultation, launched in July 2010, made specific proposals for how the pupil premium would be structured, and invited views on these proposals.

2. Link to Department for Education Consultation (<http://www.education.gov.uk/consultations/index.cfm?action=consultationDetails&consultationId=1723&external=no&menu=1>)

3. The full Briefing Note can be downloaded from our website: <http://www.ifs.org.uk/publications/5304>

4. We would like to thank the Economic and Social Research Council (grant: RES-544-28-0001) and the Esmée Fairbairn foundation for funding this, and other related work.

For any queries, please contact:
Bonnie Brimstone at IFS: 020 7291 4800, bonnie_b@ifs.org.uk