The pupil premium: assessing the options

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Achievement gap between rich and poor

Proportion getting 5 GCSEs (A*-C) including English and Maths

- Eligible for FSM
- Not Eligible for FSM

<table>
<thead>
<tr>
<th>Year</th>
<th>Eligible for FSM</th>
<th>Not Eligible for FSM</th>
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<tbody>
<tr>
<td>2003</td>
<td>16.5</td>
<td>2.9</td>
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<tr>
<td>2004</td>
<td>17.0</td>
<td>2.7</td>
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<td>2005</td>
<td>18.0</td>
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<td>2006</td>
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<td>2007</td>
<td>20.0</td>
<td>1.9</td>
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<td>2008</td>
<td>21.0</td>
<td>1.7</td>
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What is the pupil premium?

• Fixed extra amount for each disadvantaged pupil at a school
• Funding is already weighted towards disadvantaged pupils
• Pupil premium could be on top of existing system
  – Liberal Democrat proposal of £2.5bn additional spending
• It could replace some aspects, or all of the existing system
  – Single national funding formula (Policy Exchange and Conservatives)
  – Could weight funding more towards disadvantaged pupils
  – Potential for large winners and losers from such a reform
• In this report we seek to:
  – Examine the current school funding system and pupil premium proposals
  – Assess the rationale for a pupil premium
  – Offer an empirical analysis of how such a scheme might operate in practice and affect school finances.
Background and pupil premium proposals

- How does the current school funding system in England work?
- How redistributive is the current school funding system?
- What are the other key characteristics of the current system?
- Proposals for a pupil premium
How does the current system work?

Local Authority Schools Budget

“Fair Funding” Formula

Specific Grants

Central Services

Your local schools

84%

16%
Increases in “implicit” FSM premium over time

- Primary
- Secondary
Summary of key issues facing current system

• Current funding heavily concentrated in schools with greater severity of deprivation/AEN
  – Disproportionate share from specific grants (45% for secondary schools)
  – Significant growth in recent years has reduced “flattening”
  – Results of govt pressure?

• Reallocation on basis of changing needs is weak
  – Ties in with idea of buffering/stability
  – Minimum funding guarantee and Spend-plus methodology

• Government review of school funding
  – Single formula for allocation of Dedicated Schools Grant?
  – Streamlining of specific grants?
What the parties have said

**Liberal Democrat Policy**
- £2.5bn of additional funding from tax credits and other spending
- Would increase targeting of funding on deprivation, responsiveness
- Just another specific grant
- How would local authorities respond?

**Conservative Policy**
- “We will introduce a pupil premium – weighting school funding towards children from disadvantaged backgrounds.”
- “We will shift towards a system in which there is a simplified amount paid by the taxpayer per pupil (with the Pupil Premium on top).”

**Single national funding formula**
- Aspiration of Conservative party, and proposed by Policy Exchange
- We ask “what price, simplicity?”