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THE FUNDING OF ENGLISH PRIMARY EDUCATION

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This briefing draws on Primary Review Research Report 10/1 *The Funding of English Primary Education*, by Philip Noden and Anne West, which was commissioned to review evidence on the financing of primary education in England. The report addresses how much money is spent by schools on primary education per pupil and how this has changed in recent years. It also examines how that level of expenditure compares with per pupil expenditure on secondary education. It explores the funding arrangements that underlie the expenditure and describes the changes that have taken place. It also highlights variations between local authorities in the balance of funding between primary and secondary education and variations between OECD countries. **The full report, including details of sources consulted, is available at www.primaryreview.org.uk.**

The level of school-based expenditure on primary education

Government figures show that, in real terms, spending per pupil in primary schools was relatively flat from 1992-98 and even declined during the latter half of that period. Spending then rose markedly from 1998-99 onwards.

Throughout this period however, spending per pupil in secondary education was consistently and substantially higher than spending per primary pupil. This difference reflects the historical roots of primary and secondary education and the conventional forms of school organisation with classes in primary schools tending to have one teacher per class and secondary schools tending to have different teachers for different subjects. It is not, however, self-evident that there should be a different level of funding for primary schools than for secondary schools.

The Education Select Committee noted this gap in funding levels in 1994 and recommended that the disparity in funding should be reduced. The funding gap did narrow during the 1990s but from 2002-03 onwards began to widen once again.

The funding system for primary schools in England

School funding is distributed through a two-stage process: from central government to local authorities and then from local authorities to schools. Generally, the funding formula from central to local government is more redistributive than local funding formulae. Consequently schools with deprived intakes tend to be better funded if they are located in deprived local authority areas.

The funding system has undergone substantial changes in recent years. The change to a new formula for distributing central government funds to local authorities in 2003-04, along with changes to the Standards Fund which supported central government initiatives, generated much instability in school funding in that year. While overall spending rose, there was a great deal of publicity given to schools that had seen cuts in their funding levels.

In response to this situation, central government sought to restore stability in school finances through measures including the introduction of the 'minimum funding guarantee'. This guaranteed that schools would receive a specified minimum level of increase in their level of funding per pupil.

While such a guarantee ensures stability it also reduces the scope for central government and local government to address the historic imbalance in spending between the primary and secondary phases – or indeed to target funds to address any new priorities.

Local variations in primary school budgets

Historically, the distribution of funds to schools has been determined locally although within parameters set out by central government. Since 2005-06 the government has published figures comparing the level of funding per pupil in primary schools and in secondary schools for each local authority.

There is marked variation between local authorities in the level of funding per pupil. In Northumberland, for example, the level of funding per primary school pupil in 2005-06 stood at 94% of the figure for secondary school pupils. At the other extreme, in Middlesbrough, funding per primary school pupil was only 66% of the figure for secondary school pupils.

In this particular case, higher relative levels of funding for primary school pupils are associated with the presence of middle schools and also with the presence of very small schools. Indeed, the highest levels of funding per pupil generally are to be found in a handful of very small primary schools in rural areas. However, in general, schools in the shire counties receive the lowest levels of funding per pupil and those located in London receive much higher levels of funding. This is largely a function of the differing proportions of pupils with additional educational needs (as measured by the government funding formula) and area differences in costs (also reflected in the formula).

Funding in the United Kingdom compared with other OECD countries

The Organisation for Economic Cooperation and Development (OECD) produces comparative figures on the funding of primary education. Taking into account the different cost of goods in different countries, the United Kingdom is ranked 12th out of the 29 OECD countries for which comparable data are available. Among those 29 countries the highest levels of funding for primary education are to be found in Luxembourg, the United States and Switzerland. The lowest levels of funding are to be found in Turkey, Mexico and the Slovak Republic.

Levels of expenditure on primary education may, however, simply reflect the relative wealth of nations. When expenditure is expressed relative to gross domestic product (GDP) per capita the UK appears 18th out of the 29 countries. This measure may be seen as reflecting the level of commitment to primary education. Italy, Portugal and Denmark are identified as showing the highest levels of expenditure relative to GDP and Turkey, the Czech Republic and the Republic of Ireland the lowest levels.

The OECD also presents figures comparing funding per pupil in primary education with funding per pupil in secondary education. In this array the UK ranks 14th out of 29. Iceland, Poland and Denmark report the highest levels of expenditure per primary pupil relative to secondary pupils, while the Czech Republic, France and Turkey appear to be least committed in terms of funding primary education relative to secondary education.

Conclusions

- Historically, in England primary schools have been less generously funded than secondary schools. It is by no means self-evident that this should be the case. Government should consider the potential benefits of improving levels of provision in the primary phase given that later progress and achievement are highly dependent on earlier attainment.
- There is substantial variation in the relative level of funding for primary education compared with secondary education across local authorities and also internationally across the countries of the OECD.

- Changes in the school funding mechanisms in 2003-04 produced instability in school budgets and, for some schools, the formula produced cuts in per pupil funding. Restoring stability has therefore been a key priority for government. This should not, however, remove the possibility of the Government adjusting levels of funding to address new priorities. In particular, it should not lock in the historic lower levels of funding of primary schools.
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FURTHER INFORMATION

The report on which this briefing is based: Noden, P. and West, A. (2008) *The Funding of English Primary Education* (Primary Review Research Survey 10/1), Cambridge: University of Cambridge Faculty of Education. ISBN 978-1-906478-21-6.

The report is available at www.primaryreview.org.uk and is one of 32 Primary Review interim reports. Two of these deal with the opinion-gathering strands of the Review's evidence base. The remainder report on the thirty surveys of published research which the Review has commissioned from its 70 academic consultants. The reports are being published now both to increase public understanding of primary education and to stimulate debate during the period leading up to the publication of the Review's final report in late 2008.

The Primary Review was launched in October 2006 as a wide-ranging independent enquiry into the condition and future of primary education in England. Supported by Esmée Fairbairn Foundation, it is based at the University of Cambridge Faculty of Education and directed by Professor Robin Alexander.

The Review has ten themes and four strands of evidence (submissions, community and national soundings, surveys of published research, and searches of official data). The report summarised in this briefing relates to the **Research Survey** strand and the theme **Funding and Governance**.

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