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## INTERIM REPORTS

### Research Survey 10/1

# THE FUNDING OF ENGLISH PRIMARY EDUCATION

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London School of Economics and  
Political Science

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**PRIMARY REVIEW INTERIM REPORTS**

# **THE FUNDING OF ENGLISH PRIMARY EDUCATION**

Primary Review Research Survey 10/1

**Philip Noden and Anne West**

This is one of a series of 32 interim reports from the Primary Review, an independent enquiry into the condition and future of primary education in England. The Review was launched in October 2006 and will publish its final report in late 2008.

The Primary Review, supported by Esmée Fairbairn Foundation, is based at the University of Cambridge Faculty of Education and directed by Robin Alexander.

A briefing which summarises key issues from this report has also been published. The report and briefing are available electronically at the Primary Review website: [www.primaryreview.org.uk](http://www.primaryreview.org.uk). The website also contains Information about other reports in this series and about the Primary Review as a whole. (Note that minor amendments may be made to the electronic version of reports after the hard copies have been printed).

We want this report to contribute to the debate about English primary education, so we would welcome readers' comments on anything it contains. Please write to: [evidence@primaryreview.org.uk](mailto:evidence@primaryreview.org.uk).

The report forms part of the Review's research survey strand, which consists of thirty specially-commissioned surveys of published research and other evidence relating to the Review's ten themes. The themes and reports are listed in Appendices 2 and 4.

**The theme:** this survey relates to Primary Review theme 10, Funding and Governance.

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# THE FUNDING OF ENGLISH PRIMARY EDUCATION

## 1 Introduction

In this paper we examine the funding of primary education in England. We identify how much money is spent by schools on primary education per pupil and how this has changed in recent years. We also examine how that level of expenditure compares with per pupil expenditure on secondary level education (section 2). We then describe the funding arrangements that underlie this level of expenditure and, in particular, describe the changes in that funding system, noting the importance of historical patterns of expenditure in determining current allocations and also the recent shift to central control over expenditure on primary (and secondary) education (section 3). We go on to describe the scale of variation between local education authorities<sup>1</sup> (LEAs) in the balance of budget allocations per pupil between primary and secondary education (section 4). In the penultimate section, we compare figures for the UK with those relating to other Organisation for Economic Co-operation and Development (OECD) countries in the level of expenditure per pupil in primary education, the proportion of Gross Domestic Product spent on primary education and the balance of funding between primary and secondary education. The final section concludes.

## 2 The level of school-based expenditure in primary education in England

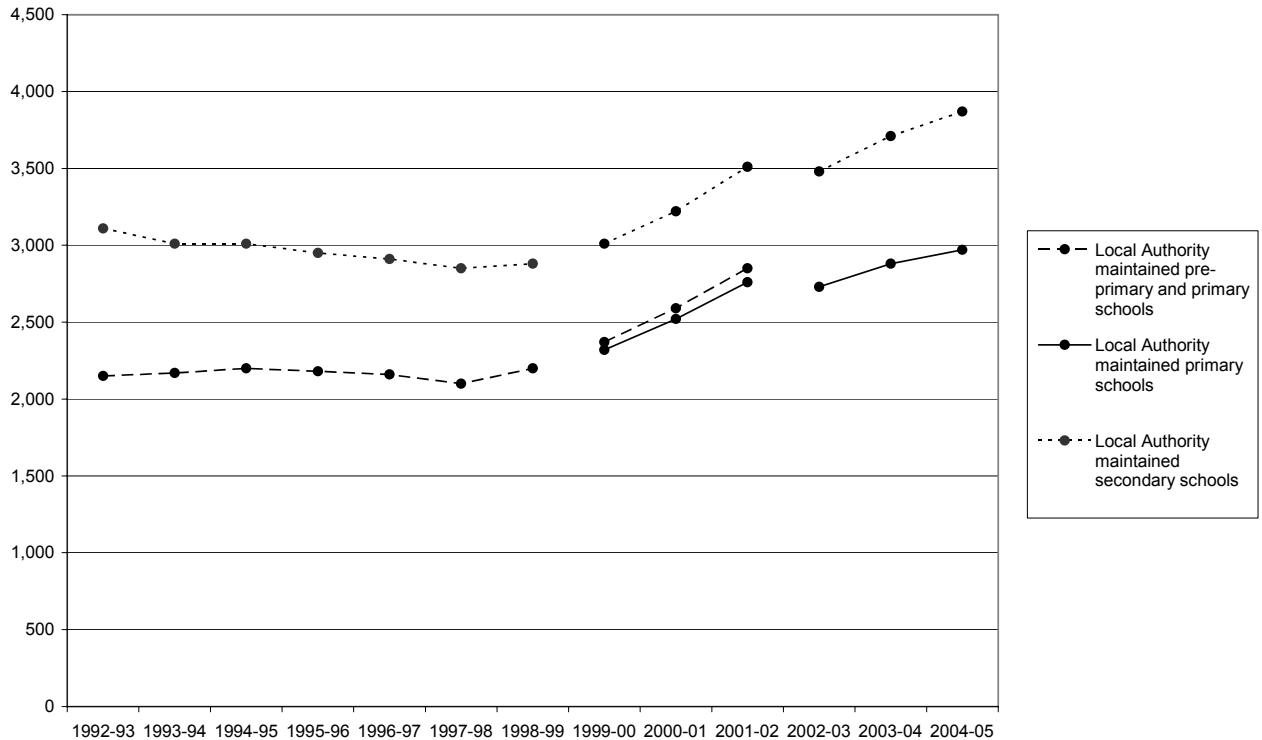
Figure 1 shows the change in school-based expenditure per pupil (taking inflation into account) from 1992-93 to 2004-05 (the underlying data are shown in Appendix 1 (Table A1)). Some difficulties of interpretation arise from changes in definitions during this period and these are shown as breaks in the lines. For example, a figure for expenditure in primary schools only (not including pre-primary schools) is only available from 1999-2000 onwards. Nevertheless, Figure 1 suggests that, from 1992-93 to 1997-98, the level of school-based expenditure per primary school pupil was relatively stable, though in the latter half of that period it was declining. This was followed by an increase in school-based expenditure per pupil from 1998-99 onwards.

We also see in Figure 1 that school-based expenditure per pupil was consistently higher for secondary school pupils than for primary school pupils. This difference in per pupil funding reflects the roots of primary education (which developed from the elementary system) and secondary education. In short, the elementary education system aimed to provide cheap, mass schooling based on a single generalist teacher instructing a large class. In contrast the secondary system was organised around specialist teachers with smaller classes. The persistence of the concomitant difference in funding levels in primary and secondary schools was noted by the Education Select Committee in 1993-94 (House of Commons Education Committee 1994). It had also been criticised in the Hadow Report of 1931, the Plowden Report of 1967 and the government's 'three wise men' primary education enquiry of 1991-2 (Alexander, Rose and Woodhead 1992, paras 4 and 149).

Figure 1 also shows that there was a narrowing of the funding gap between primary and secondary schools each year from 1992-93 to 1998-99 (with the exception of 1997-98). Such a narrowing of the gap was recommended by the Select Committee report (House of Commons Education Committee 1994). Once again interpretation of the figures is impeded by changing definitions, although we can see that from 2002-03 to 2004-05 the gap began to widen once again.

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<sup>1</sup> The term Local Education Authority continues to be used by the Government in relation to the financing of school-based education, although the Education and Inspections Act 2006 includes a clause that allows for the renaming of LEAs as Local Authorities (LAs).



(Source: DfES 2006)

**Figure 1. School-based expenditure per pupil in England in real terms in primary and secondary schools from 1992-93 to 2004-05**

### 3 The funding system for primary schools in England

In this section, we describe and discuss some of the changes to the funding system that have taken place during the last ten years. The level of funding received by primary schools in England is determined by decisions made both by central government and by local government. The current funding arrangements (intended to operate until 2010-11) are, in fact, relatively simple although these arrangements are currently under review.

It is consequently useful to understand not only the current funding model but also its predecessors. These comprise the Standard Spending Assessment (SSA) system which operated until 2002-03 and the Education Formula Spending Share (EFSS) system that operated between 2003-04 and 2005-06. When considering these funding arrangements it is useful to keep in mind three central issues in the funding arrangements for primary schools in England. First, we need to understand the particular allocation mechanisms from central government to local government and from local government to schools, as these determine levels and variations in school funding. Second, it is important to note changes in the balance of control over school funding between central government and local government. Third, we must note the crucial importance of stability in the levels of funding received by individual schools.

#### 3.1 *The Standard Spending Assessment system*

About three-quarters of funding for local authority services comes from central government grants (Office of the Deputy Prime Minister 2005), with the remaining quarter funded from local taxation (council tax). From 1990 until 2002, the allocation of the bulk of central government funds for education to individual local authorities was determined by the Education Standard Spending Assessment (SSA).

The Standard Spending Assessment was a funding formula that was supposed to identify the level of central government funding required by each local authority to achieve a standard level of service for the same rate of council tax (Department of the Environment 1990). Different service areas, such as education, were addressed by different blocks in the SSA calculation. In the case of education the main element in the calculations was simply the number of pupils, and approximately three-quarters of local authority funding for schools was determined on the basis of pupil numbers. In addition, the Education SSA included elements addressing variations in the local cost of living and also increased costs arising from population sparsity. The final element in the Education SSA was determined by 'additional educational needs' (AEN) acknowledging the fact that pupils with different characteristics (such as low level special educational needs or social deprivation) required different levels of support. However, the weighting given to this element was determined by identifying particular population characteristics (such as the proportion of children living in lone parent households as identified in the ten yearly census) that best predicted *past levels of expenditure* on education – that is, past expenditure was itself used as the indicator of need (see West *et al* 1995).

Having received their funding through the SSA system, individual local authorities decided how much should then be spent on education - the funding was not hypothecated (or earmarked) so the *actual* level of expenditure could be higher or lower than the figure identified within the SSA allocation process.

From April 1999 the distribution of funds to schools by local authorities entailed local authorities setting a Local Schools Budget (LSB) and an Individual Schools Budget (ISB). Local authorities were able to retain funds centrally, via the LSB, to support four key areas: strategic management, access to schools (planning, admissions, transport, and so on), school improvement and special educational provision. The ISB was then distributed to schools on the basis of a funding formula and 80 percent of that funding was to be distributed according to 'pupil-led' factors - non-pupil-led factors would include, for example, 'site specific' factors such as a school being on a split site (see West *et al* 2000). The 80 percent rule was reduced to 75 percent in 2002-03 and the requirement for a certain percentage of funding to be pupil-led was removed from 2006 onwards although funding formulae were required to take into account pupil numbers (see West forthcoming). Nevertheless, throughout the period from 1990 to the present, local funding formulae were required to take into account pupil numbers with local authorities, importantly, free to determine their own *age weightings*. Individual schools then controlled how that budget was spent, for example deciding on the balance between staffing and other expenditure.

### **3.2 The change to the Education Formula Spending Share system**

Concerns about the indicators and methods used by the government to distribute resources to local authorities resulted in a review of funding (see West *et al* 2000). Following this, from 2003-04, the methods used to fund local authorities for the provision of schooling changed. Formula Spending Shares (FSSs) replaced SSAs for education (and other service areas).

The Education Formula Spending Share (EFSS) was divided into two main funding 'blocks' - one for schools (the Schools Formula Spending Share or SFSS) and the other for local authorities' responsibilities for education (West forthcoming). In effect, this split made explicit the division between the LEA budget and ISB which had operated previously. These blocks were divided into sub-blocks for pupils of different ages and pupils with 'high cost special educational needs'.<sup>2</sup> The formulae for the sub-blocks each had a basic per-pupil allocation and additional

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<sup>2</sup> Within the schools block there were four main 'sub-blocks' covering children under 5 years of age; primary; secondary; and high-cost pupils (this block was intended to cover the costs of pupils who are high cost, in particular, those with special educational needs). Within the local authority block there were two sub-blocks: one for youth and community provision and one for local education authority central functions (DfES 2003).

amounts for deprivation (described as 'additional educational needs') (DfES 2003).<sup>3</sup> In arriving at this model, the government commissioned PricewaterhouseCoopers to carry out empirical research to estimate the additional costs associated with supporting children with additional educational needs. The intention was that the allocation would meet most of the costs directly associated with social deprivation; the cost of supporting children with less severe special educational needs (without statements of special educational needs); and the costs of supporting children with English as an additional language (DfES/HM Treasury 2005; see also West forthcoming).

The factors used in the primary additional educational needs index under the EFSS system were the proportion of children in families in receipt of Income Support/Job seekers allowance, the proportion of children in families in receipt of Working Families Tax Credit (WFTC) (all indicators of poverty) and the proportion of primary pupils with a mother tongue other than English as recorded in the pupil level annual school census.

In summary, the indicators and formulae used changed when the EFSS replaced the ESSA. The measures introduced used pupil level administrative data collected by individual schools from January 2002. Measures derived from the census were no longer used. Furthermore, the new measures were more clearly associated with educational attainment. However, the *overall* amount of funding allocated via the AEN indicator was broadly similar. Table 1 gives the allocations under the last year of the SSA system and the first year of the FSS system (see also West 2008).

**Table 1. Allocations to AEN, sparsity and area cost adjustment in 2002-03 and 2003-04**

	2002-03 (Education SSA) %	2003-04 (Education FSS) %
Basic amount per pupil	75	75
AEN total	19	19
Sparsity	1	2
Area Cost Adjustment	4	4

(Source: DfES 2003)<sup>4</sup>

However, while the allocations for additional educational needs were for the first time largely based on empirical research into the costs associated with those needs, the basic allocations per pupil (and consequently the balance of funding for primary school pupils relative to pupils of other ages) were determined, once again, by historical patterns of spending (DfES 2003; Levačić 2005). Interestingly, in the course of designing the new funding arrangements, it was acknowledged that when efforts had previously been made by local authorities to determine a unit of funding per pupil based on the funding required to deliver the national curriculum

<sup>3</sup> As with the Education SSA there were other adjustments for areas where it costs more to recruit and retain staff (area cost adjustment) and, in the case of the primary school sub-block, for sparsity (DfES 2003).

<sup>4</sup> Note: percentages do not add up to 100 because of rounding.



rather than simply on historical patterns of spending, this tended to show that primary schools were relatively underfunded (Education Funding Strategy Group 2001).

Of course, even though the overall proportions of funding allocated by particular formula elements may be similar, as shown in Table 1, there was a degree of instability introduced into the system in 2003-04 by the shift to the EFSS system and although the new formula included a 'damping mechanism' to ensure that every local authority saw an increase in funding of no less than 3.2 percent and no more than 7 percent per pupil, that turbulence was exacerbated by further changes to the funding system, and most notably the Standards Fund, in the same year (Audit Commission 2004).

### 3.3 *Instability and the introduction of the Dedicated Schools Grant (DSG)*

Neither the ESSA nor the EFSS were hypothecated, that is the indicated amounts were not earmarked for expenditure on education. The result was that local authorities were not obliged to spend a specific amount on education: they could choose to spend more or less than the amount indicated (see also West forthcoming). This has clearly been a source of tension between central and local government as central government was not able to ensure that its own priorities were reinforced by the decisions of individual local authorities.

One means by which central government *was* able to promote its own priorities was through a very substantial increase in the direct funding of schools by central government through mechanisms that by-passed local authority control – for example, through the Standards Fund which supported numerous government initiatives. In 1996-97, in real terms a total of £195 million was allocated by central government for schools via the Standards Fund; by 2004-05 this had increased to an estimated £1,612 million<sup>5</sup> (DfES 2005a) – an increase of over 800 percent (West 2008). Even though this figure was dwarfed by the funding distributed through the EFSS, the incorporation of much of this Standards Fund expenditure into the core allocation mechanisms in 2003-04, ironically with the intention of simplifying the funding system and creating greater stability, contributed to the instability in school budgets that precipitated the second major reform of this period.

The first year of the EFSS introduced considerable instability and, following the publicity given to schools that had seen cuts in their level of funding, even the Secretary of State for Education acknowledged: 'There is no doubt ... that many schools have experienced real difficulties this year with their budget allocations' (House of Commons Hansard 2003, col. 454). In short, central government increases in funding for schools had not translated, for many schools, into increased school budgets. This precipitated a rapid response from central government which, as well as providing additional transitional funding, instigated two key reforms. The first was to introduce a 'minimum funding guarantee' (MFG) that ensured all schools would, in future, receive a specified minimum level of increase in their level of funding per pupil. Secondly, central government required that increases in the SFSS must be 'passport' to schools to ensure that they were not absorbed by increases in central expenditure by the LEA.

Following a promise in the 2005 Labour Party election manifesto to introduce a 'national schools budget set by central government' (Labour Party 2005: 33), the central government response to the problems of the EFSS was crystallised in the introduction of a new 'Dedicated Schools Grant' (DSG). The new funding arrangements restored stability in school and LEA budgets and, for the first time, introduced a ring-fenced schools budget – that is, it would no longer be allowed for

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<sup>5</sup> These figures do not include capital allocations within the Standards Fund (which rose by more than 1600 percent from 1998-99 to 2004-05).

local authorities' schools budgets to be smaller than the Dedicated Schools Grant that they received.<sup>6</sup>

Compared with its predecessors, allocations to local authorities under the DSG are simple to understand. The funding model is based on previous levels of spending within the local authority (for 2005-06) including any funds spent by the authority on schools over and above the level of their SFSS (DfES 2005b). The allocation mechanism operates in the following way: a baseline level of spending per pupil for 2005-06 is identified to which a national per pupil increase for the following year is then applied; to this are added allocations reflecting DfES priorities (including, for example, funding 'pockets of deprivation'<sup>7</sup> and implementing the personalisation agenda<sup>8</sup> - although this funding is not ringfenced). If the local authority spent less than its SFSS in 2005-06 then a proportion of the underspend is added to the notional allocation; and finally, if the resulting local authority figure is then less than a minimum percentage cash increase from the previous year, it is topped up to reach this level (this element is to protect LEAs dealing with sharply falling rolls).<sup>9</sup>

Following a consultation on this funding arrangement, a statement to Parliament announced in June 2007 that the DSG 'spend plus' model would be retained until 2010-11. It also initiated a further review with the aim of developing a single formula to determine the distribution of the DSG from 2011-12 (see Department for Children, Schools and Families 2007).

Of course, the 'spend plus' funding model ties future allocations to the 2005-06 distribution rather than to, for example, any independent measures of need that may change over time. Similarly, a guaranteed school level funding increase each year reduces the opportunity to make changes to the historical pattern of expenditure including, for example, the balance between spending on primary and secondary schools. While local school forums do have the power to change to the level of the MFG, the current funding climate certainly emphasises stability of funding and severely limits the scope for allocating core resources in line with either measures of need or other policy priorities.

Thus we have seen that the last ten years have seen major changes in England's school funding system in which the balance of control between central and local government has ebbed and flowed, as has the importance of historical patterns of spending and also the degree of stability in school funding. The change from the ESSA system to the EFSS was intended to allocate funds on the basis of accurate measures of need and also to give schools greater budgetary stability and independence by incorporating funds for initiatives (previously supported through the

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<sup>6</sup> The DSG in effect replaced the SFSS element of the EFSS system. That is to say, expenditure on LEA functions (strategic management, SEN provision, school improvement and access) continued to be funded through the local government settlement rather than the DSG. This was also the case for non-school expenditure on the youth service. Expenditure on schools and pupils covered by the DSG could nevertheless (with the consent of the local schools forum) be held centrally in order to cover specified activities which included providing for pupils with SEN, providing Pupil Referral Units and library services for primary and special schools.

<sup>7</sup> This funding was introduced to support schools with disadvantaged intakes located in affluent LEAs because central government's deprivation funding review (DfES/HM Treasury 2005) had previously concluded that the element of central government funding to local authorities that was driven by measures of deprivation was not in turn being allocated to schools entirely on the basis of measures of deprivation.

<sup>8</sup> Personalisation is described by the DfES as 'the key to tackling the persistent achievement gaps between different social and ethnic groups. It means a tailored education for every child and young person, that gives them strength in the basics, stretches their aspirations, and builds their life chances. It will create opportunity for every child, regardless of their background' (DfES 2005c: 50).

<sup>9</sup> While the allocation mechanism is relatively simple, the process through which the base level of spending is identified is less so.

Standards Fund) into the core allocation mechanism. Ironically, the reform introduced short-term instability in school budgets with the result that further reforms, to increase stability, reduced the autonomy of local authorities and tied funding to past expenditure levels rather than need.

#### 4 Variations in primary school budgets between Local Authorities and between schools

Local authority and school-level budgets have been published in a consistent manner since 2000-01 and the DCSF also now publishes budget allocations per pupil and the ratio of per pupil funding between primary and secondary pupils in the Individual Schools Budget (ISB) (see DfES 2007).

Interestingly, summary figures for the whole of England are produced for the total ISB for all maintained schools in England divided by the number of pupils in each Key Stage and for each year since 2000-01. These indicate that there has been a *convergence* in the ISB per pupil between Key Stage 2 (ages 7 to 11) and Key Stage 3 (11 to 14) and also Key Stage 2 and Key Stage 4 (14 to 16), even for the years during which we saw a *divergence* in reported school-based expenditure between primary and secondary schools (shown in Figure 1). It should be noted that Figure 1 relates to all school-based expenditure (including, for example, funding from grants such as the Standards Fund) whereas Table 2 below relates only to the ISB. We also see in Table 2 that relative to other Key Stages, ISB funding per pupil was consistently the lowest for Key Stage 2 pupils from 2000-01 onwards.

Local authority level figures are also published, for 2005-06 and 2006-07, showing the ratio in the primary ISB per pupil to the secondary ISB per pupil (although, in contrast to Table 2, the ratio is expressed as primary / secondary). Tables 3 and 4 show, for 2006-07, the 15 local authorities with the highest level of primary ISB per pupil relative to the secondary ISB per pupil and the 15 local authorities with the lowest primary school allocations compared with local secondary schools. What is immediately apparent is the great variation in this ratio. In Table 3 we see that in Northumberland, the primary ISB per pupil is 94 percent of the size of the secondary ISB per pupil. In contrast, as Table 4 shows, in Middlesbrough the primary ISB per pupil is only 66 percent the size of the secondary equivalent.

A high level of expenditure on primary relative to secondary education is associated with the presence of middle schools<sup>10</sup> in an LEA<sup>11</sup> and also with the proportion of primary schools with very few pupils. It is nevertheless interesting to note the variety of LEA areas appearing in Tables 3 and 4. It is also noteworthy that six of the 'top 15' local authorities showing relatively high primary school expenditure are in London. Three of the 15 local authorities with the lowest level of ISB per pupil in primary schools (relative to secondary schools) are also located in London.

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<sup>10</sup> Middle schools cover varying age ranges from 8 to 14. Depending on their age range they are deemed either primary or secondary.

<sup>11</sup> Some of these LEAs have large numbers of middle schools (Isle of Wight, Northumberland and Bedfordshire) while others have relatively few (for example Kirklees, Somerset and North Tyneside). The presence of 'middle deemed secondary' schools (age range 9 to 13) means that expenditure for the second half of Key Stage 2 (which is relatively poorly funded as shown in Table 2) would take place in secondary schools, so shifting the ratio of expenditure in favour of primary schools.

**Table 2. Ratio of per pupil funding between primary and secondary pupils in ISB by Key Stage**

	Key Stage 1	Key Stage 2	Key Stage 3	Key Stage 4
ISB Funding 00-01	1.02	1.00	1.27	1.49
ISB Funding 02-03	1.02	1.00	1.23	1.42
ISB Funding 03-04	1.03	1.00	1.17	1.35
ISB Funding 04-05	1.02	1.00	1.17	1.35
ISB Funding 05-06	1.02	1.00	1.18	1.37
ISB Funding 06-07	1.02	1.00	1.18	1.36

(Source: DfES 2007 - Section 52 Benchmarking archive)

**Table 3. Fifteen Local Education Authorities with highest level of spending on primary schools relative to secondary schools (2006-07)**

Fifteen LEAs with highest level of spending	Primary school expenditure per pupil as a percentage of secondary expenditure per pupil
Northumberland*	94
Suffolk*	90
Merton	90
Westminster	90
Isle of Wight*	90
Lambeth	90
Camden	89
Solihull	88
Rutland	87
Southwark	87
Bedfordshire*	86
Somerset*	85
Wakefield	84
Wandsworth	84
Kirklees*	84

(Source: DfES 2007 - Section 52 Benchmarking archive Additional information table)

\* Local authority includes some middle schools

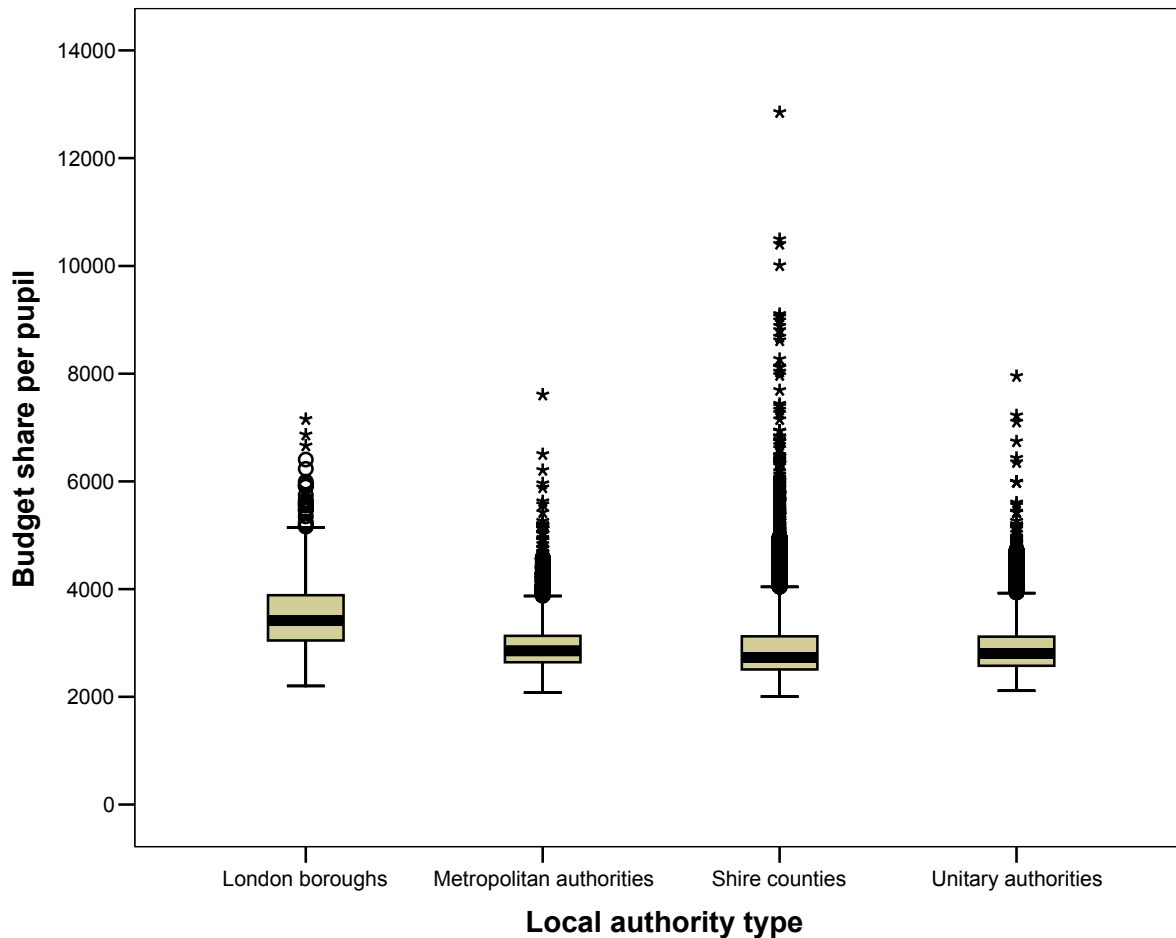
**Table 4. Fifteen Local Education Authorities with lowest level of spending on primary schools relative to secondary schools (2006-07)**

Fifteen LEAs with lowest level of spending	Primary school expenditure per pupil as a percentage of secondary expenditure per pupil
Middlesbrough	66
Slough	67
Barking and Dagenham	69
Greenwich	70
Wirral	71
City of Bristol	71
Doncaster	72
Rotherham	72
Poole*	73
Reading	73
North Tyneside*	73
Lincolnshire	73
Torbay	73
Brent	73
Telford and Wrekin	74

(Source: DfES 2007 - Section 52 Benchmarking archive additional information table)

\* Local authority includes some middle schools

There is also considerable variation between individual primary schools in the school budget share (that is, the school's share of the ISB) per pupil. As we see in Figure 2, there are a few schools in upper tier authorities (shire counties) with a very substantial budget share per pupil and these tend to be extremely small primary schools in sparsely populated areas. However, the median level of the budget share per pupil in upper tier authorities (shire counties) is lower than for the other types of authority, with schools located in London boroughs tending to have the largest budget shares per pupil. 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).

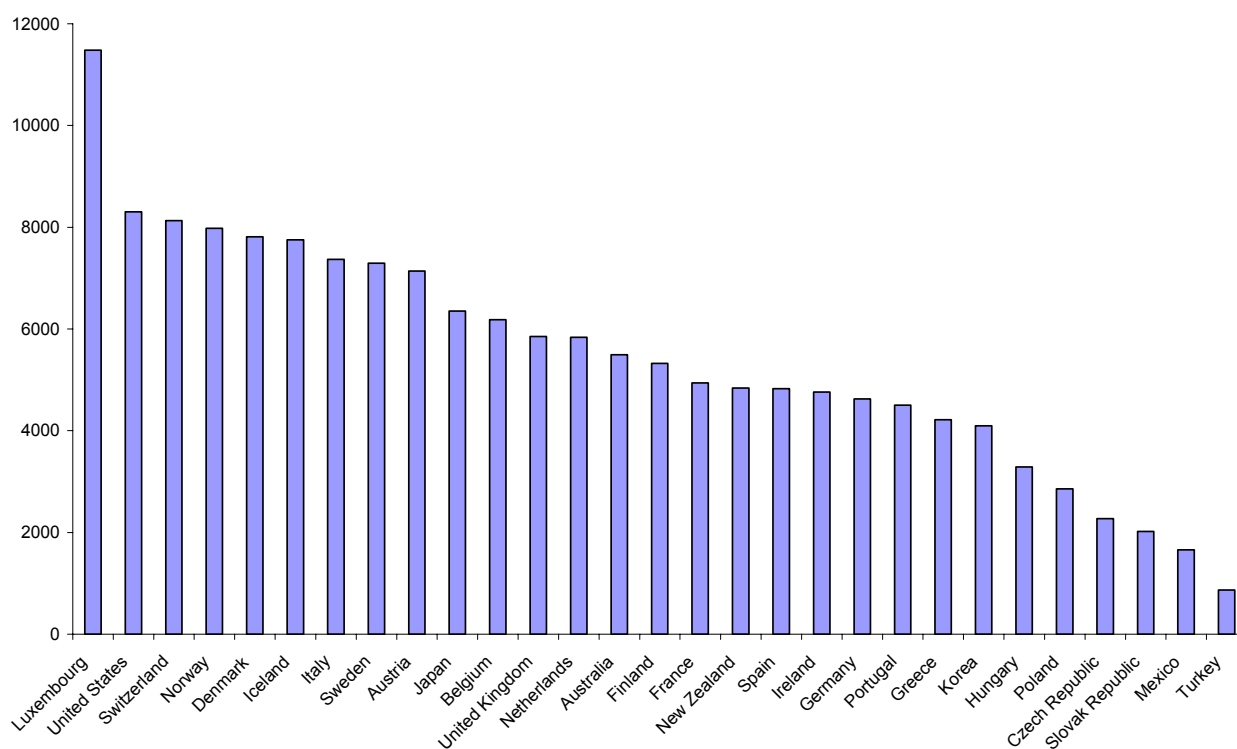


**Figure 2. Boxplot of primary school budget shares per pupil by local authority type<sup>12</sup>**  
 (Lines represent median school, boxes represent 25<sup>th</sup> and 75<sup>th</sup> percentiles, whiskers represent 5<sup>th</sup> and 95<sup>th</sup> percentiles)

## 5 Levels of funding and funding ratios for primary schooling in OECD countries

The Organisation for Economic Cooperation and Development (OECD) produces comparative figures relating to the funding of primary education. Figure 3 shows the level of funding per pupil in different countries (data underlying the Figure are shown in Appendix 1, Table A2). As the same level of expenditure will purchase different quantities of educational resources in different countries the comparison is expressed in US dollars in terms of purchasing power parity (PPP). With currencies converted in this way, \$100 would then purchase the same basket of goods in each of the countries listed. We see that primary education is extremely well-funded in Luxembourg and that the level of funding in the United Kingdom is ranked in the middle of the OECD nations – 12<sup>th</sup> out of the 29 countries shown.

<sup>12</sup> The boxplot does not include data for ‘middle deemed primary’ schools.



(Source: OECD 2006 - Table B1.1a)

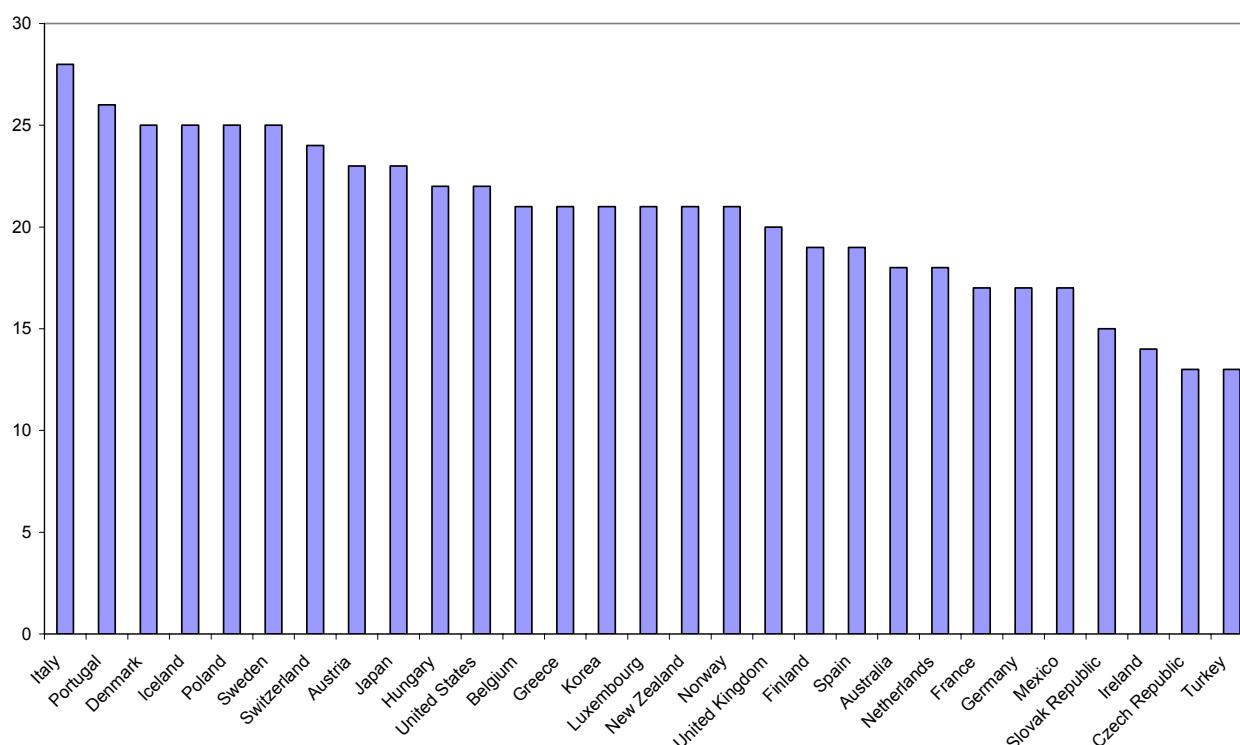
**Figure 3. Annual expenditure on primary educational institutions per student (2003)** (in equivalent US dollars converted using PPPs for GDP, based on full-time equivalents)

It may be that expenditure expressed in terms of PPP primarily reflects the relative wealth of nations rather than their particular commitment to primary education. Indeed, we see in Figure 3 that the lowest levels of funding are found among the least wealthy of the OECD countries. Figure 4 therefore shows countries' expenditure *relative to their GDP* (the data underlying the Figure are shown in Appendix 1, Table A2). In this array, the United Kingdom appears 18<sup>th</sup> out of the 29 countries shown. Italy and Portugal show the highest levels of expenditure in primary schools relative to their GDP. Interestingly, while some of the least wealthy countries again feature among the lower spending countries, the bottom quarter of countries also includes Ireland, Germany and France.

Figure 5 shows the relative level of expenditure on primary education per pupil expressed as a percentage of expenditure per pupil in secondary education (the data underlying the Figure are shown in Appendix 1, Table A2). Interestingly there is a wide variation in this ratio, showing a similar range to that which was noted earlier among English local authorities. In this array, the United Kingdom ranks in 14<sup>th</sup> place out of the 29 countries shown. In the national comparison, we see that in Iceland expenditure per pupil in primary education is reported to be higher than spending per pupil in secondary education. At the other end of the ranking, spending per pupil in primary education in the Czech Republic and France stands at less than 60 percent of the level of spending per pupil in secondary education.

It is interesting to note that of the four countries with the highest expenditure on primary education relative to secondary education, three are Nordic countries. All three have combined schools providing primary and lower secondary education. *Grunnskólar* in Iceland cater for pupils from 6 to 16 years of age, *folkeskole* in Denmark for those between 7 and 16/17 and *grundskola* in Sweden for those aged 6/7 to 15/16. However, there are also differences between

these countries relating to the use of specialist teachers and the size of classes, each of which could be associated with greater levels of expenditure and account for some of the variation.<sup>13</sup>

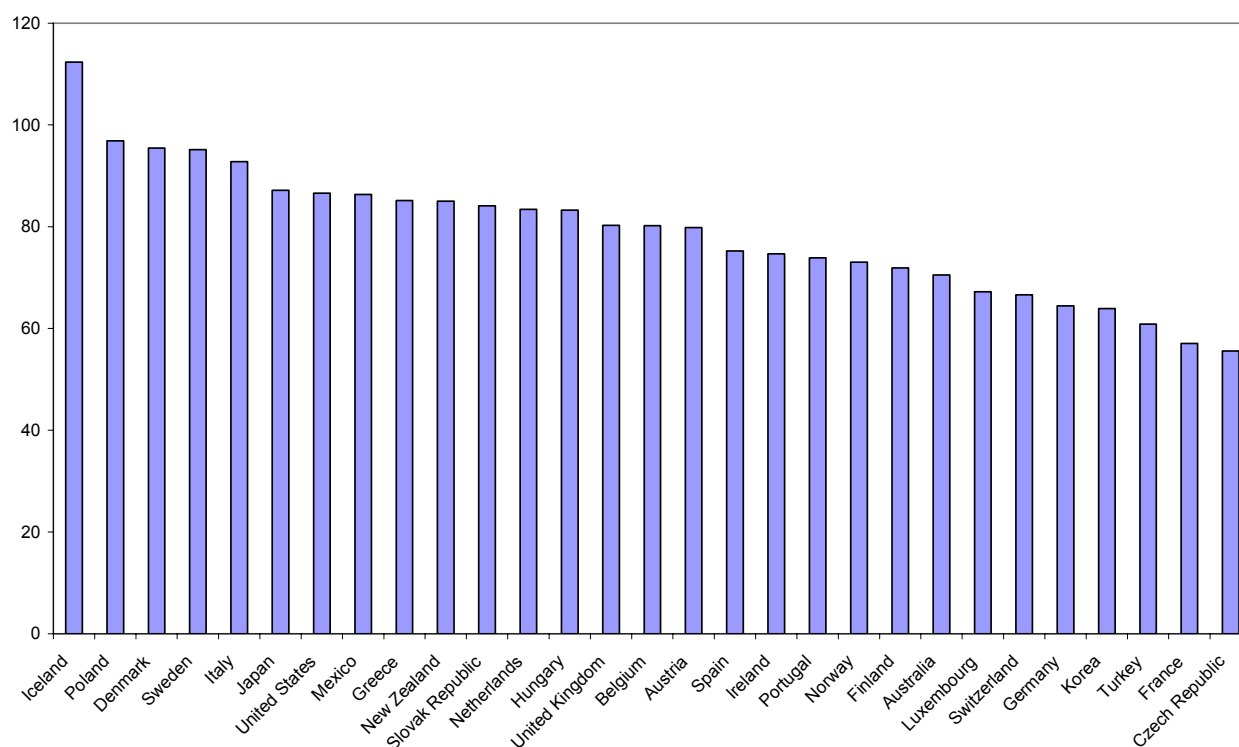


(Source: OECD 2006)

**Figure 4. Annual expenditure on primary education institutions per student relative to GDP per capita (2003)**

<sup>13</sup> In Iceland, classes at primary level generally have one teacher for all subjects, whilst in lower secondary education pupils generally have separate subject teachers; class sizes are not prescribed. In Denmark, on the other hand, there are separate teachers for each subject throughout the folkeskole, and the number of pupils in each class must not exceed 28 – the average number of pupils per class in 2005/06 was 19.6. In Sweden, in the first three years pupils are generally taught by the class teacher (except in some cases for music, physical education and health); in classes 4 to 5 there are, in addition, specialist teachers for languages, mathematics, art and craft; from classes 6 to 7 all teachers are specialised to teach two or three subjects; class size is not centrally regulated but determined by the municipality and the school (Eurydice 2007).





(Source: OECD 2006)

**Figure 5. Expenditure on educational institutions per student in primary education relative to secondary education (2003)**

## 6 Conclusions

School-based expenditure per primary school pupil has risen substantially in recent years. However, after a previous slow convergence with spending at secondary level, since 2002-03 the gap in spending per pupil has grown between primary schools and England's more generously funded secondary schools. Conventional forms of primary and secondary school organisation reflect this historical difference in funding. However it is not self-evident that there should be such a difference in funding levels – especially because later attainment is highly dependent on earlier attainment.

The funding arrangements underlying this expenditure are complicated and depend on decisions taken by central government and local government and also on several funding streams. The current funding mechanism, the Dedicated Schools Grant, is largely driven by historical patterns of spending, and with its introduction, control over spending on schools became more centralised than ever. These changes were the consequence of a previous funding reform, the short-lived Education Formula Spending Share, which unintentionally created instability in school budgets. Ironically, the EFSS reform had been intended to introduce greater predictability in funding levels and a closer fit with levels of need rather than previous patterns of spending.

We have also seen that there is substantial variation between LEAs in the ratio of spending per primary pupil and spending per secondary pupil with spending per primary pupil at 66 percent to 94 percent of the level of expenditure per secondary school pupil.

Overall, however, the United Kingdom is a mid-ranking country among OECD countries in terms of the level of expenditure on primary schools, in the proportion of GDP spent on primary schools and also in the level of spending on pupils in primary education relative to secondary education.

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## APPENDIX 1

**Table A1. School-based expenditure<sup>i,ii,iii</sup> per pupil<sup>iv</sup> in real terms<sup>v</sup> in England since 1992-93<sup>vi</sup>**

Year	Local Authority maintained pre-primary and primary schools <sup>vii</sup>	Local Authority maintained primary schools <sup>viii</sup>	Local Authority maintained secondary schools	Local Authority maintained pre-primary, primary and secondary schools	Local Authority maintained primary and secondary schools
1992-93	2,150	..	3,110	2,540	..
1993-94	2,170	..	3,010	2,490	..
1994-95	2,200	..	3,010	2,500	..
1995-96	2,180	..	2,950	2,460	..
1996-97	2,160	..	2,910	2,440	..
1997-98 <sup>ix</sup>	2,100	..	2,850	2,380	..
1998-99 <sup>ix</sup>	2,200	..	2,880	2,460	..
1999-00 <sup>ii,x</sup>	2,370	2,320	3,010	2,640	2,610
2000-01	2,590	2,520	3,220	2,860	2,820
2001-02	2,850	2,760	3,510	3,140	3,080
2002-03 <sup>ii,iii</sup>	..	2,730	3,480	..	3,060
2003-04	..	2,880	3,710	..	3,250
2004-05	..	2,970	3,870	..	3,370

(Source: DfES 2006 - data last updated by DfES on 18 October 2006).

## Notes:

i. School-based expenditure includes only expenditure incurred directly by schools. This includes the pay of teachers and school-based support staff, school premises costs, books and equipment, and certain other supplies and services, less any capital items funded from recurrent spending and income from sales, fees and charges and rents and rates. This excludes the central cost of support services such as home to school transport, local authority administration and the financing of capital expenditure.

ii. 1999-00 saw a change in data source when the data collection moved from the RO1 form collected by the ODPM to the Section 52 form from the DfES. 2002-03 saw a further break in the time series following the introduction of Consistent Financial Reporting (CFR) to schools and the associated restructuring of the outturn tables. The change in sources is shown by the dotted line. Comparable figures are not available prior to 1992-93.

iii. The calculation for 2002-03 onwards is broadly similar to the calculation in previous years. However, 2001-02 and earlier years includes all premature retirement compensation (PRC) and Crombie payments, mandatory PRC payments and other indirect employee expenses. In 2001-02 this accounted for approximately £70 per pupil. From 2002-03 onwards only the schools element of these categories is included and this accounted for approximately £50 per pupil of the 2002-03 total. Also, for some LAs, expenditure that had previously been attributed to the school sectors was reported within the LA part of the form from 2002-03, though this is not quantifiable from existing sources.

iv. Pupil numbers include only those pupils attending maintained establishments within each sector and are drawn from the DfES Annual Schools Census adjusted to be on a financial year basis.

v. Cash terms figures are converted to 2005-06 prices<sup>iv</sup> using September 2006 gross domestic product deflators.

vi. Figures are as reported by local authorities as at 18th October 2006 and are rounded to the nearest £10.

vii. School-based expenditure in nursery schools was not recorded in 2002-03 and comparable figures for nursery expenditure are not available from 2003-04 onwards.

viii. Expenditure was not distinguished between the pre-primary and primary sectors until the inception of Section 52 for financial year 1999-00.

ix. Spending in 1997-98 reflects the transfer of monies from local government to central government for the nursery vouchers scheme. These were returned to local government from 1998-99.

x. The 1999-00 figures reflect the return of GM schools to local authority maintenance.

**Table A2. Equivalent expenditure on primary educational institutions, expenditure relative to GDP and relative to expenditure on secondary education**

	Annual expenditure on educational institutions per student (2003) <sup>i</sup>	Annual expenditure on primary education institutions per student relative to GDP per capita (2003) <sup>ii</sup>	Expenditure on educational institutions per student in primary education relative to secondary education (2003)
Australia	5494	18	70.5
Austria	7139	23	79.8
Belgium	6180	21	80.2
Czech Republic	2273	13	55.6
Denmark	7814	25	95.5
Finland	5321	19	71.9
France	4939	17	57.1
Germany	4624	17	64.5
Greece	4218	21	85.1
Hungary <sup>iii</sup>	3286	22	83.2
Iceland	7752	25	112.4
Ireland	4760	14	74.7
Italy <sup>iii</sup>	7366	28	92.8
Japan	6350	23	87.2
Korea	4098	21	63.9
Luxembourg	11481	21	67.2
Mexico	1656	17	86.3
Netherlands	5836	18	83.4
New Zealand	4841	21	85.0
Norway	7977	21	73.1
Poland <sup>iii</sup>	2859	25	96.9
Portugal <sup>iii</sup>	4503	26	73.9
Slovak Republic	2020	15	84.1
Spain	4829	19	75.2
Sweden	7291	25	95.2
Switzerland <sup>iii</sup>	8131	24	66.6
Turkey <sup>iii</sup>	869	13	60.9
United Kingdom	5851	20	80.3
United States	8305	22	86.6

(Source: OECD 2006).

Notes:

i. This is expressed in equivalent US dollars converted using PPPs for GDP, based on full-time equivalent pupils.

ii. This represents the expenditure figure per pupil as shown in the first data column, expressed as a percentage of the country's GDP per capita, in equivalent US dollars using PPPs. (Figures for GDP per capita are shown in OECD 2006, Appendix 1, 2, Table X2.1.)

iii. Public institutions only.

## APPENDIX 2

### THE PRIMARY REVIEW PERSPECTIVES, THEMES AND SUB THEMES

The Primary Review's enquiries are framed by three broad perspectives, the third of which, primary education, breaks down into ten themes and 23 sub-themes. Each of the latter then generates a number of questions. The full framework of review perspectives, themes and questions is at [www.primaryreview.org.uk](http://www.primaryreview.org.uk)

#### The Review Perspectives

- P1 Children and childhood
- P2 Culture, society and the global context
- P3 Primary education

#### The Review Themes and Sub-themes

- T1 Purposes and values**
  - T1a Values, beliefs and principles
  - T1b Aims
- T2 Learning and teaching**
  - T2a Children's development and learning
  - T2b Teaching
- T3 Curriculum and assessment**
  - T3a Curriculum
  - T3b Assessment
- T4 Quality and standards**
  - T4a Standards
  - T4b Quality assurance and inspection
- T5 Diversity and inclusion**
  - T5a Culture, gender, race, faith
  - T5b Special educational needs
- T6 Settings and professionals**
  - T6a Buildings and resources
  - T6b Teacher supply, training, deployment & development
  - T6c Other professionals
  - T6d School organisation, management & leadership
  - T6e School culture and ethos
- T7 Parenting, caring and educating**
  - T7a Parents and carers
  - T7b Home and school
- T8 Beyond the school**
  - T8a Children's lives beyond the school
  - T8b Schools and other agencies
- T9 Structures and phases**
  - T9a Within-school structures, stages, classes & groups
  - T9b System-level structures, phases & transitions
- T10 Funding and governance**
  - T10a Funding
  - T10b Governance

## APPENDIX 3

### THE EVIDENTIAL BASIS OF THE PRIMARY REVIEW

The Review has four evidential strands. These seek to balance opinion seeking with empirical data; non-interactive expressions of opinion with face-to-face discussion; official data with independent research; and material from England with that from other parts of the UK and from international sources. This enquiry, unlike some of its predecessors, looks outwards from primary schools to the wider society, and makes full though judicious use of international data and ideas from other countries.

#### Submissions

Following the convention in enquiries of this kind, submissions have been invited from all who wish to contribute. By June 2007, nearly 550 submissions had been received and more were arriving daily. The submissions range from brief single-issue expressions of opinion to substantial documents covering several or all of the themes and comprising both detailed evidence and recommendations for the future. A report on the submissions will be published in late 2007.

#### Soundings

This strand has two parts. The *Community Soundings* are a series of nine regionally based one to two day events, each comprising a sequence of meetings with representatives from schools and the communities they serve. The Community Soundings took place between January and March 2007, and entailed 87 witness sessions with groups of pupils, parents, governors, teachers, teaching assistants and heads, and with educational and community representatives from the areas in which the soundings took place. In all, there were over 700 witnesses. The *National Soundings* are a programme of more formal meetings with national organisations both inside and outside education. National Soundings A are for representatives of non-statutory national organisations, and they focus on educational policy. National Soundings B are for outstanding school practitioners; they focus on school and classroom practice. National Soundings C are variably-structured meetings with statutory and other bodies. National Soundings A and B will take place between January and March 2008. National Soundings C are outlined at 'other meetings' below.

#### Surveys

30 surveys of published research relating to the Review's ten themes have been commissioned from 70 academic consultants in universities in Britain and other countries. The surveys relate closely to the ten Review themes and the complete list appears in Appendix 4. Taken together, they will provide the most comprehensive review of research relating to primary education yet undertaken. They are being published in thematic groups from October 2007 onwards.

#### Searches

With the co-operation of DfES/DCSF, QCA, Ofsted, TDA and OECD, the Review is re-assessing a range of official data bearing on the primary phase. This will provide the necessary demographic, financial and statistical background to the Review and an important resource for its later consideration of policy options.

#### Other meetings (now designated National Soundings C)

In addition to the formal evidence-gathering procedures, the Review team meets members of various national bodies for the exchange of information and ideas: government and opposition representatives; officials at DfES/DCSF, QCA, Ofsted, TDA, GTC, NCSL and IRU; representatives of the teaching unions; and umbrella groups representing organisations involved in early years, primary education and teacher education. The first of three sessions with the House of Commons Education and Skills Committee took place in March 2007. Following the replacement of DfES by two separate departments, DCSF and DIUS, it is anticipated that there will be further meetings with this committee's successor.

## APPENDIX 4

### THE PRIMARY REVIEW INTERIM REPORTS

The interim reports, which are being released in stages from October 2007, include the 30 research surveys commissioned from external consultants together with reports on the Review's two main consultation exercises: the community soundings (87 witness sessions with teachers, heads, parents, children and a wide range of community representatives, held in different parts of the country during 2007) and the submissions received from large numbers of organisations and individuals in response to the invitation issued when the Review was launched in October 2006.

The list below starts with the community soundings and submissions reports written by the Review team. Then follow the 30 research surveys commissioned from the Review's consultants. They are arranged by Review theme, not by the order of their publication. Report titles may be subject to minor amendment.

Once published, each interim report, together with a briefing summarising its findings, may be downloaded from the Review website, [www.primaryreview.org.uk](http://www.primaryreview.org.uk).

#### REPORTS ON PUBLIC CONSULTATIONS

1. *Community soundings: the Primary Review regional witness sessions* (Robin Alexander and Linda Hargreaves)
2. *Submissions received by the Primary Review*

#### PURPOSES AND VALUES

3. *Aims as policy in English primary education*. Research survey 1/1 (John White)
4. *Aims and values in primary education: England and other countries*. Research survey 1/2 (Maha Shuayb and Sharon O'Donnell)
5. *Aims for primary education: the changing national context*. Research survey 1/3 (Stephen Machin and Sandra McNally)
6. *Aims for primary education: changing global contexts*. Research survey 1/4 (Hugh Lauder, John Lowe and Rita Chawla-Duggan)

#### LEARNING AND TEACHING

7. *Children's cognitive development and learning*. Research survey 2/1a (Usha Goswami and Peter Bryant)
8. *Children's social development, peer interaction and classroom*. Research survey 2/1b (Christine Howe and Neil Mercer)
9. *Teaching in primary schools*. Research survey 2/2 (Robin Alexander and Maurice Galton)
10. *Learning and teaching in primary schools: the curriculum dimension*. Research survey 2/3 (Bob McCormick and Bob Moon)
11. *Learning and teaching in primary schools: evidence from TLRP*. Research survey 2/4 (Mary James and Andrew Pollard)

#### CURRICULUM AND ASSESSMENT

12. *Primary curriculum and assessment: England and other countries*. Research survey 3/1 (Kathy Hall and Kamil Özerk)
13. *The trajectory and impact of national reform: curriculum and assessment in English primary schools*. Research survey 3/2 (Dominic Wyse, Harry Torrance and Elaine McCreery)
14. *Primary curriculum futures*. Research survey 3/3 (James Conroy, Moira Hulme and Ian Menter)
15. *Assessment alternatives for primary education*. Research survey 3/4 (Wynne Harlen)

#### QUALITY AND STANDARDS



16. *Standards and quality in English primary schools over time: the national evidence*. Research survey 4/1 (Peter Tymms and Christine Merrell)
17. *Standards in English primary education: the international evidence*. Research survey 4/2 (Chris Whetton, Graham Ruddock and Liz Twist)
18. *Quality assurance in English primary education*. Research survey 4/3 (Peter Cunningham and Philip Raymont)

#### DIVERSITY AND INCLUSION

19. *Children in primary education: demography, culture, diversity and inclusion*. Research survey 5/1 (Mel Ainscow, Jean Conteh, Alan Dyson and Frances Gallanaugh)
20. *Learning needs and difficulties among children of primary school age: definition, identification, provision and issues*. Research survey 5/2 (Harry Daniels and Jill Porter)
21. *Children and their primary schools: pupils' voices*. Research survey 5/3 (Carol Robinson and Michael Fielding)

#### SETTINGS AND PROFESSIONALS

22. *Primary education: the physical environment*. Research survey 6/1 (Karl Wall, Julie Dockrell and Nick Peacey)
23. *Primary education: the professional environment*. Research survey 6/2 (Ian Stronach, Andy Pickard and Elizabeth Jones)
24. *Teachers and other professionals: training, induction and development*. Research survey 6/3 (Olwen McNamara, Rosemary Webb and Mark Brundrett)
25. *Teachers and other professionals: workforce management and reform*. Research survey 6/4 (Hilary Burgess)

#### PARENTING, CARING AND EDUCATING

26. *Parenting, caring and educating*. Research survey 7/1 (Yolande Muschamp, Felicity Wikeley, Tess Ridge and Maria Balarin)

#### BEYOND THE SCHOOL

27. *Children's lives outside school and their educational impact*. Research survey 8/1 (Berry Mayall)
28. *Primary schools and other agencies*. Research survey 8/2 (Ian Barron, Rachel Holmes, Maggie MacLure and Katherine Runswick-Cole)

#### STRUCTURES AND PHASES

29. *The structure of primary education: England and other countries*. Research survey 9/1 (Anna Riggall and Caroline Sharp)
30. *Organising learning and teaching in primary schools: structure, grouping and transition*. Research survey 9/2 (Peter Blatchford, Judith Ireson, Susan Hallam, Peter Kutnick and Andrea Creech)

#### FUNDING AND GOVERNANCE

31. *The funding of English primary education*. Research survey 10/1 (Philip Noden and Anne West)
32. *The governance and administration of English primary education*. Research survey 10/2 (Maria Balarin and Hugh Lauder).



... children, their world, their education

The Primary Review is a wide-ranging independent enquiry into the condition and future of primary education in England. It is supported by Esmée Fairbairn Foundation, based at the University of Cambridge and directed by Robin Alexander. The Review was launched in October 2006 and aims to publish its final report in autumn 2008.

#### **FURTHER INFORMATION**

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