



## BRIEFING PAPER

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# School funding: Pupil Premium

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### Inside:

1. Introduction of the Pupil Premium
2. Developments since implementation
3. Payment of the Premiums and accountability
4. School admissions for pupils in receipt of the Premium
5. Effectiveness of the Pupil Premium

# Contents

<b>Summary</b>	<b>3</b>
<b>1. Introduction of the Pupil Premium</b>	<b>4</b>
1.1 Policy development	4
1.2 Policy announcement, funding and flat-rate Pupil Premium	4
<b>2. Developments since implementation</b>	<b>6</b>
2.1 Summary: 2011-16	6
2.2 Spending Review 2015: future funding levels	8
2.3 Eligibility criteria issues	8
<b>3. Payment of the Premiums and accountability</b>	<b>10</b>
3.1 Payment issues	10
Looked After Children	10
Service Premium	10
3.2 Accountability measures	10
<b>4. School admissions for pupils in receipt of the Premium</b>	<b>12</b>
<b>5. Effectiveness of the Pupil Premium</b>	<b>13</b>

## Summary

The Coalition Government introduced the Pupil Premium in 2011 to provide additional school funding for those children classed as having deprived backgrounds, and also those who had been looked after (by a local authority) for more than six months. The Service Premium was also introduced for children whose parent(s) are, or have since 2011, served in the armed forces.

Since their introduction, changes have been made to the eligibility criteria and the funding levels of the premiums. The Pupil Premium has increased from £430 per pupil in 2011–12, to £1,320 per primary pupil and £935 per secondary pupil in 2015–16 (in 2014–15 the Government introduced different Pupil Premium rates for primary and secondary pupils). In addition, while eligible Looked After Children previously attracted the same Pupil Premium as deprived children, in 2014–15 the “Pupil Premium Plus” was introduced. For 2014–15 and 2015–16 current or certain previously Looked After Children each attracted £1,900 of funding. The eligibility criteria for the Service Premium have been broadened since 2011–12 and the rate has increased from £200 to £300.

The Spending Review in November 2015 included a commitment from the Government to continue funding the Pupil Premium at existing cash terms levels.

This note sets out the original formulation of the Pupil Premium policy, and how it has developed over time. It also includes information on how the Premiums are paid to local authorities and passed on to schools, as well as information on the effectiveness of the Premium.

This briefing applies to England only.

### Related briefings

This note is one in a series of Library Briefing Papers on school funding. [School funding: Developments since 2010](#) (SN/SP/6702), sets out the changes made by the Coalition Government to school funding in England and plans for further reform under the Conservatives.

The following historical notes are also available:

- [School funding: annual settlements under the Coalition Government](#) (SN/SP/6701)
- [School funding: 2006–2010 policy changes under the Labour Government](#) (SN/SP/6703)

# 1. Introduction of the Pupil Premium

## 1.1 Policy development

The May 2010 Coalition Programme for Government stated: “we will fund a significant premium for disadvantaged pupils from outside the schools budget by reductions in spending elsewhere”.<sup>1</sup>

Further detail was provided in the [Consultation on school funding 2011-12 – Introducing a pupil premium](#), published in July 2010:

One of the Government’s key priorities is to introduce a pupil premium to support disadvantaged pupils, who continue to underachieve compared with their peers. Funding for the premium, which will be introduced in September 2011, will come from outside the schools budget to support disadvantaged pupils from Reception to Year 11. Schools will decide how best to use the premium to support the attainment of disadvantaged pupils.

The intention is to allocate the funding by means of a separate specific grant and not through the Dedicated Schools Grant (DSG). The size of the premium will vary between areas to reflect current differences in funding, ensuring that more money is available for currently lower funded authorities. Over time, this will mean that the same amount of funding will be available for deprived children no matter where they are. We are seeking views on the indicator to determine which pupils should attract the premium.

Looked After Children (LAC), who generally have poor attainment, will be covered by the pupil premium using a separate process since deprivation indicators do not generally include them.

We will explore the scope for extending the pupil premium to include Service children.<sup>2</sup>

The consultation document set out a number of questions on the proposals, including the proposed measure of deprivation and the issue of Looked After Children.<sup>3</sup>

## 1.2 Policy announcement, funding and flat-rate Pupil Premium

The consultation closed on 18 October 2010, and two days later in his statement on the 2010 Spending Review, the Chancellor, George Osborne, told the House:

We will also introduce a new £2.5 billion pupil premium, which supports the education of disadvantaged children and will provide a real incentive for good schools to take pupils from poorer backgrounds. That pupil premium is at the heart of the coalition

<sup>1</sup> Cabinet Office, [The Coalition: our programme for government](#), May 2010, p28

<sup>2</sup> Department for Education, [Consultation on school funding 2011-12 – Introducing a pupil premium](#), July 2010, p4

<sup>3</sup> As above, p22

## 5 School funding: Pupil Premium

agreement, and at the heart of our commitment to reform, fairness and economic growth.<sup>4</sup>

The Government issued its response to the consultation on 13 December 2010, and noted that “over 700 responses to the consultation were received and these responses have been considered by the Government in reaching its decisions”.<sup>5</sup> In terms of funding, the Department for Education (DfE) stated, “total funding for the premium will be £625m in 2011-12 and will be built up over time amounting to £2.5bn a year by 2014-15”.<sup>6</sup>

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<sup>4</sup> [HC Deb 20 October 2010 c964](#)

<sup>5</sup> Department for Education, [The school funding settlement for 2011-12: The pupil premium and Dedicated Schools Grant](#), 13 December 2010, p3, para 2

<sup>6</sup> As above, p3, para 4

## 2. Developments since implementation

### 2.1 Summary: 2011-16

The table below highlights the key points in how policy on the Pupil Premiums has developed since its introduction in 2011-12:

<b>Group</b>	<b>Year</b>	<b>Qualifying indicator</b>	<b>Planned funding (per pupil)</b>	
Deprived children	2011–12	Currently in receipt of free school meals	£430	
	2012–13	Extended to children who had been in receipt of free schools meals at any point in the past six years	£600	
	2013–14	As in 2012–13	£900*	
	2014–15	As in 2012–13	Primary:	£1,300
			Secondary	£935
	2015–16	As in 2012–13	Primary:	£1,320
Secondary:			£935	
Looked After Children	2011–12	Currently looked after by a local authority and has been for more than six months	£430	
	2012–13	As in 2011–12	£600	
	2013–14	As in 2011–12	£900	
	2014–15	Looked after for one day or more, and including children who have been adopted from care or leave care under a special guardianship or residence order – now referred to as “Pupil Premium Plus”	£1,900	

## 7 School funding: Pupil Premium

	2015-16	As in 2014-15 (residence orders now known as child arrangements orders)	£1,900
Service children	2011-12	Children whose parents are currently in the armed forces	£200
	2012-13	As in 2011-12	£250
	2013-14	Extended to children: <ul style="list-style-type: none"> <li>• whose parents have died in service and are in receipt of pensions under the Armed Forces Compensation Scheme &amp; the War Pensions Scheme;</li> <li>• otherwise ineligible in 2013-14 but who had been eligible in 2012-13 or 2011-12.</li> </ul>	£300
	2014-15	Extended to children: <ul style="list-style-type: none"> <li>• who were eligible previously but whose parents are no longer in the armed forces or are divorced.</li> </ul>	£300
	2015-16	As in 2014-15.	£300

The table below shows the Pupil Premium budget up to 2015-16 and the allocations by element up to 2012-13.

### **Pupil premium budgets and allocations, £ million**

	Budget	Final allocations by element			Total
		Deprivation	Service Children	Looked After Children	
2011-12	625	594	9	20	<b>623</b>
2012-13 <sup>a</sup>	1,250	1,141	13	26	<b>1,200</b>
2013-14	1,750	..	..	..	..
2014-15	2,500	..	..	..	..
2015-16	2,545				

(a) Up to £50 million will be used to fund summer schools for disadvantaged pupils

Sources: *Pupil premium 2012-13, and earlier, DfE*  
*Spending Round 2013, HM Treasury*

The Conservative Party Manifesto for the 2015 general election included an undertaking to “continue to provide the pupil premium, protected at current rates.”<sup>7</sup>

<sup>7</sup> [Conservative Party Manifesto 2015](#), p34.

## 2.2 Spending Review 2015: future funding levels

The [Spending Review](#) in November 2015 included a commitment from the Government to continue funding the Pupil Premium at existing cash terms levels:

1.163 The Spending Review protects the core schools budget in real terms, enabling the per pupil rate for the Dedicated Schools Grant to be protected in cash terms, including £390 million of additional funding given to the least fairly funded areas in 2015-16. The pupil premium will also be protected at current rates.<sup>8</sup>

## 2.3 Eligibility criteria issues

### The requirement to register for free school meals to be eligible

The Pupil Premium is only paid to those children registered to claim free school meals, and does not include those who are eligible but are not registered; the term used by the DfE is “known to be eligible for Free School Meals”.<sup>9</sup>

In the Department for Education’s [Consultation on school funding 2011-12 – Introducing a Pupil Premium](#), the Coalition Government stated that “allocating funding on the basis of FSM eligibility, as recorded on the pupil-level annual school census, has the very substantial benefit that it reflects the specific characteristics of the individual pupil. It is easily collected and is updated annually”.<sup>10</sup> The document also stated that the “main issues” with the FSM indicator included that it reflected “registered eligibility for free meals rather than actual eligibility”.<sup>11</sup>

A November 2012 research report commissioned by the DfE compared data on benefit receipt and FSM figures and estimated that nationally around 200,000 children aged 4-15 ‘appear to be entitled’ but are not claiming FSM. This implied that around 14% of pupils entitled to FSM are not claiming them. The rate was highest for those at either end of this age range with 21% of 4 year olds and 22% of 15 year olds. It was also higher in less deprived areas; 23% in the South East and Eastern regions and more than 30% in some local authorities.<sup>12</sup>

DfE guidance, sent to local authorities in 2012, stated that “local authorities should remind schools that their Pupil Premium allocation each year is determined by the number of FSM pupils they have on roll on January census day”.<sup>13</sup>

If registered, the child does not have to actually receive FSM for the Pupil Premium to be paid; simply being registered is sufficient. The DfE

<sup>8</sup> HM Treasury, [Spending Review and Autumn Statement](#), November 2015, p44

<sup>9</sup> Email to the Library from DfE official, 4 May 2012

<sup>10</sup> Department for Education, [Consultation on school funding 2011-12 – Introducing a Pupil Premium](#), p11, para 33

<sup>11</sup> As above, p12, para 35

<sup>12</sup> Department of Education, [Pupils not claiming free school meals](#), Research Report DFE-RR 235, p1

<sup>13</sup> Department for Education, Increasing registrations for FSM and the Pupil Premium: Information for local authorities, webpage [taken on 4 May 2012]

## 9 School funding: Pupil Premium

issued a template letter for local authorities to use in order to parents to encourage FSM registration, which stated “if you don’t want your child to have the school meals they can continue as normal – as long as you qualify and are registered, the school still gets £600 extra [i.e. the Pupil Premium]”.<sup>14</sup>

In a June 2015 [report](#) on the efficacy of the Premium (see section 5), the NAO raised the identification of pupils eligible for the Pupil Premium as an issue and stated that the introduction of Universal Infant Free School Meals for 5-7 year olds in September 2014 (removing the need to register to receive a meal) and also Universal Credit might “make it more difficult comprehensively and consistently to identify all disadvantaged pupils.”<sup>15</sup>

### Universal Credit

In 2012, the DfE acknowledged that the eligibility criteria for the Pupil Premium would have to be reconsidered because of the introduction of Universal Credit:

The Department for Work and Pensions plan to phase in Universal Credit between October 2013 and 2017, replacing many current in-work and out-of-work benefits with a single payment. This means that the majority of the current criteria for determining entitlement for FSM will no longer exist. We are currently considering proposals for new eligibility criteria which can be aligned with Universal Credit.<sup>16</sup>

Under the “national expansion” programme, Universal Credit is currently being rolled-out for new single claimants, and is now in use in nearly 70% of Jobcentres.<sup>17</sup>

Plans beyond the completion of the national expansion (due to be achieved in Spring 2016) are still uncertain – the Government has not yet announced a detailed timetable for shutting down existing “legacy” benefits and tax credits and for transferring the remaining claimants to Universal Credit.

The June 2015 NAO [report](#) on the Pupil Premium said the Department for Education was “considering how to resolve issues arising” from the introduction of Universal Credit.<sup>18</sup>

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<sup>14</sup> Department for Education, [Example letter to parents](#), webpage [taken on 4 May 2012]

<sup>15</sup> NAO, [Funding for disadvantaged pupils](#), June 2015, p11

<sup>16</sup> Department for Education, [School funding reform: Next steps towards a fairer system](#), March 2012, p32, para 2.4.4

<sup>17</sup> Department for Work and Pensions, [Universal Credit now available in nearly 70% of all jobcentres](#), 9 November 2015

<sup>18</sup> NAO, [Funding for disadvantaged pupils](#), June 2015, p7

## 3. Payment of the Premiums and accountability

### 3.1 Payment issues

Premium funding is [paid](#) in different ways depending on the type of school involved.

For local authority maintained schools, the Government pays the local authority the relevant funding in quarterly instalments, and they pass the funding on to schools.

Academies and free schools are paid directly, also in quarterly instalments.<sup>19</sup>

### Looked After Children

Some Looked After Children live and are educated in a different authority to the one which looks after them. The DfE decided that it would allocate the premium to the local authority which looks after the child, but where the child was educated in a mainstream setting, the local authority would be required to pass on the full level of the premium to the school or academy where the looked after child is being educated, including where that school is in a different local authority – around 30% of Looked After Children are educated outside their home authority.<sup>20</sup>

### Service Premium

The “service premium” is allocated to the local authority where the child is educated. The DfE stated that the local authority will be required by the conditions of grant to pass on the premium to those schools where the children are being educated.<sup>21</sup>

### 3.2 Accountability measures

Accountability measures were implemented for the 2012–13 funding year, as then schools Minister Sarah Teather told the House:

To ensure transparency and accountability, schools will be required from September 2012 to publish online information about how they have used their pupil premium allocations. New measures will be included in the performance tables that will capture the attainment of pupils covered by the pupil premium.<sup>22</sup>

The [gov.uk website](http://gov.uk) sets out the accountability measures now in place:

#### **Ofsted inspections**

Ofsted’s school inspections report on the attainment and progress of disadvantaged pupils who attract the pupil premium.

<sup>19</sup> Department for Education, Pupil Premium information: Payments [accessed 13 November 2015]

<sup>20</sup> Department for Education, [The school funding settlement for 2011-12: The pupil premium and Dedicated Schools Grant](#), 13 December 2010, pp8–9, paras 24, 25 and 26

<sup>21</sup> Department for Education, [The school funding settlement for 2011-12: The pupil premium and Dedicated Schools Grant](#), 13 December 2010, p10, para 28

<sup>22</sup> [HC Deb 12 December 2011 c64WS](#)

## 11 School funding: Pupil Premium

The Ofsted [inspection framework](#) and [handbook effective from September 2015](#) are available.

### **Online reporting**

You must publish details of how your school spends its pupil premium and the effect this has had on the attainment of the pupils who attract the funding.

Guidance on [what specific information you must publish on your website](#) is available.

Good examples of how you might present your information can be found on the [Heath School](#) and [Belmont School](#) websites.

### **Performance tables**

[School and college performance tables](#) also report on the performance of disadvantaged pupils compared with their peers.

### **Pupil premium reviews**

Ofsted will recommend that a school commissions a pupil premium review if they identify issues with the school's provision for disadvantaged pupils. You can find more information in Ofsted's [school inspection handbook](#).

Other bodies may also recommend that you commission a pupil premium review, including:

- your local authority
- your academy trust
- your [regional schools commissioner](#)
- the Department for Education

Guidance on [how to commission a pupil premium review](#) is available.

## 4. School admissions for pupils in receipt of the Premium

Between July and September 2014, the Government ran a [consultation](#) on changes to the *School Admissions Code* that would give admission authorities in England the **option** to prioritise disadvantaged children in their admission arrangements.<sup>23</sup>

The Government published its [response](#) to this consultation in October 2014. The response stated that following a positive response to initial proposals, the Government would:

- allow all schools to have the freedom to give admission priority for all children attracting the pupil premium, the early years pupil premium and the service premium. (Academies and free schools already have this option; the change would expand this freedom to local authority maintained schools.)
- allow admission authorities of primary schools which have a nursery to give priority in their admission arrangements to disadvantaged children who attend the nursery.

Neither of these changes are compulsory; schools are free to adopt them or not as they wished.<sup>24</sup>

These changes came into force in December 2014. The revised [School Admissions Code](#) includes the new provision (see paras 1.39A and B).

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<sup>23</sup> Department for Education, [Changes to the School Admissions Code](#), July 2014

<sup>24</sup> Department for Education, [Changes to the School Admissions Code: Government consultation response](#), October 2014, p4-5

## 5. Effectiveness of the Pupil Premium

### Ofsted report

In July 2014, Ofsted published an [update](#) on the progress schools have made in using their pupil premium funding to raise achievement for eligible pupils. The report stated that:

There are encouraging signs from inspection that the concerted efforts of good leaders and teachers are helping to increase outcomes for pupils eligible for the pupil premium. However, it will take time to establish whether this increased focus will lead to a narrowing in the attainment gap between those eligible for the pupil premium and other pupils.

In 151 reports analysed between January and December 2013, there was an association noted between the overall effectiveness of the school and the impact of the pupil premium.<sup>25</sup>

A PQ response from the schools Minister, David Laws, set out some further information:

**24. Mrs Glendon:** To ask the Secretary of State for Education what progress her Department has made on closing the attainment gap between pupils receiving free school meals and others; and if she will make a statement. [904972]

**Mr Laws:** The gap between free school meals (FSM) pupils and others achieving Level 4 or above in key stage 2 reading and mathematics has narrowed from 19.3 to 16.2 percentage points between 2011 and 2013. The gap in FSM pupils and others achieving at least five A\*-C grade GCSEs including English and mathematics has narrowed from 27.4 to 26.7 percentage points over the same period.

The most recent Ofsted assessment is that school leaders are spending the pupil premium more effectively than at any time since the funding was introduced in 2011. Of 151 schools in the assessment, the attainment gap between free school meal pupils and their peers was closing, sometimes quite quickly, in all 86 schools judged by Ofsted to be good or outstanding. Gaps are also closing, albeit more slowly, in two thirds of the 50 sampled schools rated 'requires improvement'.<sup>26</sup>

### NAO report

On 30 June 2015 the National Audit Office published a [report](#) on funding for disadvantaged pupils. The report concluded that, while the Pupil Premium has the potential to "bring about a significant improvement in outcomes for disadvantaged pupils", it will take time for its full impact to be known. The report further concluded:

While the attainment gap has narrowed since 2011, it remains wide and, at this stage, the significance of the improvements is unclear. More time and further evaluation will be needed to establish whether the Department has achieved its goals. However, the early signs are that many schools, supported by the

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<sup>25</sup> Ofsted, [The Pupil Premium: an update](#), July 2014, p4

<sup>26</sup> [HC Deb 21 July 2014 c918-919W](#)

Department's investment in the EEF, are using the Pupil Premium to help disadvantaged pupils in useful ways.<sup>27</sup>

The report also, while acknowledging the work done so far to share best practice, concluded that the Government and schools had more to do to "optimise value for money":

The Department has already created a strong drive to improve support for disadvantaged pupils by targeting the Pupil Premium at schools on a rational basis; clearly communicating the funding's objective; investing in research and sharing best practice; and empowering teachers to try new things. However, the Department, working with others, has more to do to optimise value for money. Not all disadvantaged pupils currently attract funding. Some schools do not focus funding on disadvantaged pupils appropriately or use the most cost-effective interventions, and, in any event, the evidence base is still underdeveloped. Furthermore, the core school funding that the Pupil Premium supplements is not distributed on the basis of need. Most importantly, there is a risk that accountability and intervention mechanisms allow schools to waste money on ineffective activities for many years without effective challenge. As the impact of the Pupil Premium becomes clearer, the Department will need to review if it is investing the right amount in it, including whether spending more in this way could allow it to close the gap more quickly, generating wider savings for the taxpayer.<sup>28</sup>

A BBC news article quoted a Government official stating in response to the report that:

The NAO's report recognises the important role which the pupil premium has had in improving educational outcomes, and ultimately life chances of some of the most disadvantaged young people.

However, we know there is more to be done to tackle educational inequality and we will consider the findings of the NAO report carefully.<sup>29</sup>

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<sup>27</sup> NAO, [Funding for disadvantaged pupils](#), June 2015, p11.

<sup>28</sup> NAO, [Funding for disadvantaged pupils](#), June 2015, p11.

<sup>29</sup> [Pupil-premium impact 'will take time', says spending body](#), BBC News, 30 June 2015.

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