



National Audit Office

Report

by the Comptroller
and Auditor General

Department for Education

Funding for disadvantaged pupils

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National Audit Office

Department for Education

Funding for disadvantaged pupils

Report by the Comptroller and Auditor General

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Commons in accordance with Section 9 of the Act

Sir Amyas Morse KCB
Comptroller and Auditor General
National Audit Office

25 June 2015

This report examines if the Department is on course to achieve its objective of narrowing the attainment gap between disadvantaged and other pupils.

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Key facts

2.0m

pupils classified as disadvantaged in 2014

£2.5bn

value of the Pupil Premium in 2014-15

27.4

percentage point gap between disadvantaged and other pupils who achieved 5 GCSEs graded A*-C including English and Maths in 2014

- 94%** of schools target support at disadvantaged pupils, compared with 57% before the Pupil Premium
- £2.4 billion** core funding that local authorities also allocated to schools on the basis of deprivation, separate from the Pupil Premium, in 2014-15
- 64%** of schools have used best-practice evidence funded by the Department for Education
- 8% and 21%** of primary and secondary schools inspected by Ofsted between September and December 2014 have been asked to commission an independent review of their Pupil Premium
- 4.7 percentage points** decrease between 2011 and 2014 in the size of the attainment gap between disadvantaged and other pupils in primary schools
- 1.6 percentage points** decrease between 2011 and 2014 in the size of the attainment gap between disadvantaged and other pupils in secondary schools

Summary

1 The Department for Education (the Department) defines pupils as being disadvantaged if they are or have been eligible for means-tested free school meals or if they are or have been looked after by a local authority. Of the 7.0 million children aged 4–16 who are educated in publicly funded schools, 2.0 million (29%) come from disadvantaged backgrounds. Such pupils tend to perform poorly in public examinations relative to other pupils. As poor academic performance is associated with lower wages and higher unemployment in adulthood, this ‘attainment gap’ is a key mechanism for transmitting poverty from one generation to the next.

2 The Department aims to improve the quality of education for all. However, it also aims to raise disadvantaged pupils’ attainment and reduce the gap between them and others. In 2011, the Department announced new funding for schools, the Pupil Premium, which specifically aims to improve outcomes for disadvantaged children.

3 Worth £2.5 billion in 2014-15, the Pupil Premium is distributed to schools by the Department according to their number of disadvantaged pupils. The Department expects schools to use the funding to support disadvantaged pupils to achieve more but schools can decide how to spend it. Schools are held to account for their decisions through Ofsted inspections, published Pupil Premium statements and exam results. School autonomy makes variation in the use of the Pupil Premium and the outcomes it achieves inevitable, while at the same time making good oversight and effective dissemination of best practice essential.

4 Besides Pupil Premium funding, the Department requires local authorities to use deprivation as a factor when allocating core funding to schools. In 2014-15, local authorities distributed £2.4 billion to schools on this basis. In total, in that year, the Department gave schools £41.5 billion of revenue funding for pupils aged 4 to 16.

5 To help schools use the Pupil Premium effectively, the Department encourages school leaders and teachers to use evidence of what works. To increase the amount of evidence and encourage its use, the Department has provided a new research charity, the Education Endowment Foundation (EEF), with grants of £137 million to be spent over 15 years.

Our report

6 This report evaluates the Department's implementation of the Pupil Premium policy to date and how well schools use the funding. We have excluded from our analysis:

- the Service Premium, for supporting the children of armed forces personnel, whose needs differ from pupils' with socio-economically disadvantaged backgrounds; and
- the Early Years Pupil Premium, introduced this year for children aged 3 and 4.

7 We have not audited specific actions by schools or local authorities. Our audit approach is in Appendix One and our evidence base is in Appendix Two.

Coverage of this report

Part One: Establishing the Pupil Premium	What is the attainment gap?
	What is the Pupil Premium?
	Do the Pupil Premium and other school funding follow assessed need?
	What is the system of accountability, support and oversight for the Pupil Premium?
Part Two: Schools' provision for disadvantaged pupils	Are schools supporting disadvantaged pupils effectively?
	Do schools use evidence to support best practice?
	Do accountability arrangements incentivise schools to support disadvantaged pupils effectively?
Part Three: Impact	Is the Pupil Premium improving disadvantaged pupils' attainment?
	Is the Pupil Premium achieving other impacts?

Key findings

Allocating funding

8 The Department distributes the Pupil Premium using a clear formula to achieve a specific purpose but identifying disadvantaged pupils is an issue.

The Department gives schools a fixed sum for each disadvantaged pupil, in effect redistributing funding towards schools with more disadvantaged intakes. The Department has communicated clearly that the money is to reduce the attainment gap by raising the attainment of disadvantaged pupils. The current method for identifying individual disadvantaged pupils is good enough to find most but not all of them. The Department estimates that 11% of eligible pupils do not currently receive free school meals because their parents do not claim the entitlement and 75% of school leaders in our survey reported that some pupils from low-income backgrounds were ineligible. The introduction of Universal Infant Free School Meals and Universal Credit, a system which unifies benefits, may make it more difficult comprehensively and consistently to identify all disadvantaged pupils. The Department continues to monitor the former and is considering how to resolve issues arising from the latter (paragraphs 1.5 to 1.14).

9 Other real-terms reductions in school funding mean the Pupil Premium has not always increased school budgets.

Over the last four years, the Department has given £6.0 billion to schools under the Pupil Premium policy but reduced other school funding in real terms at the same time. As a result total per-pupil funding has increased in 55% of schools in real terms, but it has decreased in real terms in the remainder. Some schools with very disadvantaged intakes have less money per pupil now, in real terms, than in 2010, despite the extra funding provided by the Pupil Premium. We estimate that the per-pupil funding of 16% of the most disadvantaged secondary schools fell by more than 5% in real terms between 2010-11 and 2014-15 (paragraphs 1.25 to 1.27).¹

10 Some schools receive higher core funding to reflect deprivation but local arrangements vary widely and schools do not have to spend the money specifically to alleviate disadvantage.

The Department distributes core funding to local authorities on the basis of an old formula that gives some parts of the country more than others. In 2015-16 it is providing an extra £390 million to the most underfunded parts of the country. Local authorities distribute funding to schools through formulae they determine themselves. In 2013-14, the Department restricted the number of variables local authorities could use in their formulae, which must include an adjustment for deprivation. However, the proportion of core funding schools receive from local authorities for disadvantaged pupils still varies substantially (from 2% to 20% between areas) and the Department does not require schools to give an account of how they use this money to support disadvantaged pupils (paragraphs 1.20 to 1.24).

¹ 'Most disadvantaged schools' – top quartile schools by percentage of pupils eligible for free school meals. This analysis is based on published Consistent Financial Reporting data. The available data covers maintained schools only and includes all grant funding received by secondary schools with sixth forms.

Spending the Pupil Premium

11 Introducing the Pupil Premium has increased school leaders' focus on improving outcomes for disadvantaged children. Of school leaders, 57% said they targeted support at disadvantaged pupils before the creation of the Pupil Premium, compared with 94% now (paragraph 3.9).

12 Many schools spend some of the Pupil Premium on approaches that may not be cost-effective, based on current evidence, reducing the funding's impact. Most schools use some interventions that are effective under the right conditions. For example, 72% of schools provide individual tuition, which experts rate highly effective but relatively costly; 63% have sought to improve feedback between teachers and pupils, which is both effective and low-cost. However, 71% of schools employ extra teaching assistants to support disadvantaged pupils, a high-cost approach which will only improve results if schools learn to deploy these staff more effectively. We estimate that schools' spending on teaching assistants has increased by £430 million between 2011 and 2013 alone. Schools also use some effective, low-cost interventions too infrequently: just 25% are using peer-to-peer learning (paragraphs 2.6, 2.7 and 2.12).

13 Schools make different choices about which pupils to target Pupil Premium activities on; this freedom brings benefits but there is a risk that some disadvantaged pupils miss out on the full benefit of the funding.

- 47% of schools use the Pupil Premium to support pupils with special educational needs. This can be appropriate, but there is a risk the Pupil Premium replaces, rather than supplements, separate special educational needs funding (paragraph 2.5).
- 32% of schools do not provide additional support to disadvantaged pupils who are already identified as 'able' (meaning likely to meet minimum attainment targets). This is in spite of evidence that, without support, such pupils often fall behind equally able peers (paragraph 2.3).
- 77% of schools use some Pupil Premium for activities that are designed to support all pupils rather than just those who are disadvantaged. This can be cost-effective but there is a risk of diluting the funding's impact, particularly in the 15% of schools with fewer than 1 in 5 disadvantaged pupils that mainly use funding in this way (paragraph 2.4).

14 Some schools in deprived areas struggle to compete for high-quality teachers, who are likely to have the biggest impact on reducing the consequences of disadvantage. Of school leaders in deprived schools, 54% said attracting good teachers was a major barrier to improving pupils' performance, compared with just 33% of those in more affluent areas. In our survey, few schools (4%) reported using higher salaries to attract better teachers to support disadvantaged pupils (paragraphs 2.8 to 2.11).

Increasing schools' use of evidence

15 The Department has made a major contribution to strengthening the evidence base for what works to improve disadvantaged pupils' progress. The Department has invested £137 million over 15 years in the EEF to develop and spread evidence of what works. Since 2011, the EEF has summarised and published existing best practice in its Teaching and Learning toolkit, while commissioning a number of new research projects. Of these, 36 have been published so far. The Department, the EEF and other key stakeholders agree that many gaps in the evidence base remain and this will continue to be the case for the foreseeable future (paragraphs 1.16, 2.13 and 2.15 to 2.17).

16 Schools are increasingly using the EEF's outputs. Some 64% of school leaders now use the Teaching and Learning toolkit to inform decisions about Pupil Premium funding, up from 36% who used research in 2012. Most schools find the toolkit useful but some told us it needs to be more specific about which interventions should be used in which circumstances. Neither the Department nor the EEF knows the relative weight that school leaders and teachers place on EEF outputs compared to other sources of information, such as past experience and word of mouth (paragraphs 2.14 and 2.15).

Oversight and Accountability

17 Parents of disadvantaged pupils are unlikely to hold a school to account for the use of the Pupil Premium – something that the Department has sought to encourage – but governors typically do challenge school leaders on its use. Schools must publish annual statements of how they use the Pupil Premium but we estimate only one-third fully complied with reporting requirements in 2015 and only 24% of parents in lower socio-economic groups, the principal intended audience, had heard of the policy. School leaders have identified that parental engagement is a significant barrier to improvement for these pupils. In the first year of the Pupil Premium, Ofsted was concerned that governing bodies were insufficiently focused on its use. Inspection reports indicate subsequent improvement, with governors' oversight assessed positively in two-thirds of inspections between September and December 2014 and negatively in only one-tenth (paragraphs 2.22 to 2.26).

18 Ofsted inspections incentivise schools to focus on disadvantaged pupils but can be infrequent, and the Department's main intervention to address poor performance is weak.

Ofsted, the independent inspector of schools, reviews the progress of disadvantaged pupils during each inspection. Our review found that Ofsted identified poor provision for disadvantaged pupils in 8% of primary schools and 21% of secondary schools between September and December 2014. Around 80% of school leaders see inspection as an effective mechanism to hold them to account for disadvantaged pupils' performance. But Ofsted does not routinely schedule inspections on the basis of these pupils' performance and long, potentially indefinite, intervals can occur between inspections. Ofsted recommends that ineffective schools commission an external Pupil Premium review, the Department's main intervention to address problems at the level of the individual school. But this is optional and approved reviewers are in short supply. Until February 2015, only 7 of 214 approved reviewers were in the South-West of England. The Department is addressing the shortage. There are currently 526 reviewers nationwide, including 34 in the South-West (paragraphs 2.27 to 2.32).

19 The Department reviews pupil outcomes but does not routinely monitor early-warning signs of success or failure.

The Department uses attainment data to monitor how well schools are supporting disadvantaged pupils. It writes to schools where pupils are performing particularly well or poorly. However, pupil attainment lags behind schools' decisions about the Pupil Premium. Ofsted summary reports provide some insight into schools' decisions but the Department does not routinely monitor schools' Pupil Premium statements or the quality or contents of Pupil Premium reviews. Consequently, it does not fully understand how funding is being used, limiting its ability to share best practice or respond to risks on an informed basis (paragraphs 2.24, 2.28 to 2.31).

Impact

20 The attainment gap has narrowed slowly since 2011 but the gap remains wide and it will take time for the Pupil Premium's impact to become clear.

Success in some schools indicates that the Pupil Premium has promise. However, the Department does not expect the full impact of funding to be felt until 2018 for primary schools and 2023 for secondary schools – the years, respectively, when eligible pupils will have been funded for their entire education. Changing exam standards make analysing the attainment gap difficult at this early stage. Between 2011 and 2014 the gap reduced by 4.7 percentage points in primary schools. In secondary schools, it reduced by 1.6 percentage points, although exam standards were measured differently in 2014. A clear trend has not yet been established and the gap remains wide – in 2014 some 63.5% of disadvantaged pupils failed to achieve five good GCSEs including English and Maths, compared with 36% of their peers (paragraphs 3.2 to 3.9).

21 The Department has not yet been specific enough about how it will judge whether the Pupil Premium has succeeded. As a matter of policy, the Department does not establish targets, however, in this context, it has not yet set out, either internally or externally, how it will assess whether the Pupil Premium has achieved a significant impact. To do so it will need to take into account factors affecting disadvantaged pupils' attainment that are outside schools' control. Beyond attainment, the Department will also need to assess whether disadvantaged pupils' destinations after school are improving, if improved results are reliably to lead to longer-term positive outcomes (paragraphs 1.7, 1.8, 3.10 and 3.11).

Conclusion on value for money

22 It will take time for the full impact of the Pupil Premium to be known. 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 Department's investment in the EEF, are using the Pupil Premium to help disadvantaged pupils in useful ways. If these schools' early performance can be sustained and built upon, the Pupil Premium has the potential to bring about a significant improvement in outcomes for disadvantaged pupils and the value for money of school spending.

23 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.

Recommendations

- a The Department should develop its understanding of how schools are using the Pupil Premium and take further steps to reduce schools' use of ineffective, costly activities to support disadvantaged pupils, including by:**
- improving the dissemination and usage of best practice;
 - ensuring that all Pupil Premium reviews are conducted by approved reviewers and considering whether to make reviews mandatory; and
 - examining, with the EEF, whether and how to expand the evidence base more quickly.
- b As it sets core funding for schools in future, the Department should use a fairer formula so that pupils across England receive similar funding, related more closely to their needs and less affected by where they live.** It should work with local authorities to understand the impact of core funding allocated to schools on the basis of disadvantage and consider how schools could be held accountable for its use. It should also clarify instructions to schools about the total value of funding that ought to be available to disadvantaged pupils with special educational needs, and explore how it can identify disadvantaged pupils more effectively.
- c The Department should be more specific about how it will measure the Pupil Premium's impact, including by:**
- setting out as soon as possible the attainment metrics it will use and ensuring these continue to be measured in a comparable way until at least 2023; and
 - researching how other potential Pupil Premium impacts, such as the destinations of disadvantaged pupils and savings in terms of other public services, can be measured.

Part One

Establishing the Pupil Premium

1.1 In this part of the report we:

- explain the Pupil Premium policy and the attainment gap;
- examine how the Department for Education (the Department) and local authorities distribute Pupil Premium and other funding aimed at deprivation; and
- assess the impact of the Pupil Premium on school budgets.

Disadvantaged pupils and the attainment gap

1.2 The Department gives some £41.5 billion annually to schools to educate 7.0 million pupils aged 4 to 16. It currently classifies 2.0 million of these children (29%) as disadvantaged based on their eligibility for means-tested free school meals or whether the local authority has looked after them. Pupils are eligible for means-tested free school meals if their parents qualify for benefits such as Income Support or income-based Job Seekers Allowance.

1.3 On average disadvantaged pupils tend to perform poorly at school compared to others; this is known as the attainment gap. In 2014, 36.5% of pupils eligible for the Pupil Premium achieved five GCSEs at grades A* to C (including English and Maths) compared with 64.0% of others. The gap exists irrespective of pupils' gender, ethnicity or special educational needs (**Figure 1** overleaf), and similar differences are observed in primary schools.

1.4 Poor academic performance is linked to lower wages and higher unemployment in adulthood. Therefore, the attainment gap is thought to transmit poverty from one generation to the next (**Figure 2** on page 15); it also costs the economy and the taxpayer. In 2010, the Sutton Trust estimated that weakening the link between background and achievement in the UK would contribute between £56 billion and £140 billion annually to the economy by 2050.² But the reasons for the attainment gap are complex. Research identifies a number of potential influences, in the home, school, and wider society. These include reduced parental engagement, pupils' lack of understanding about how to achieve their aspirations, lack of money for extra-curricular activities, and exposure to limited vocabulary at a young age. Some factors are clearly outside schools' direct control, making it unlikely that a sole focus on schools will be enough to eliminate the attainment gap on its own.

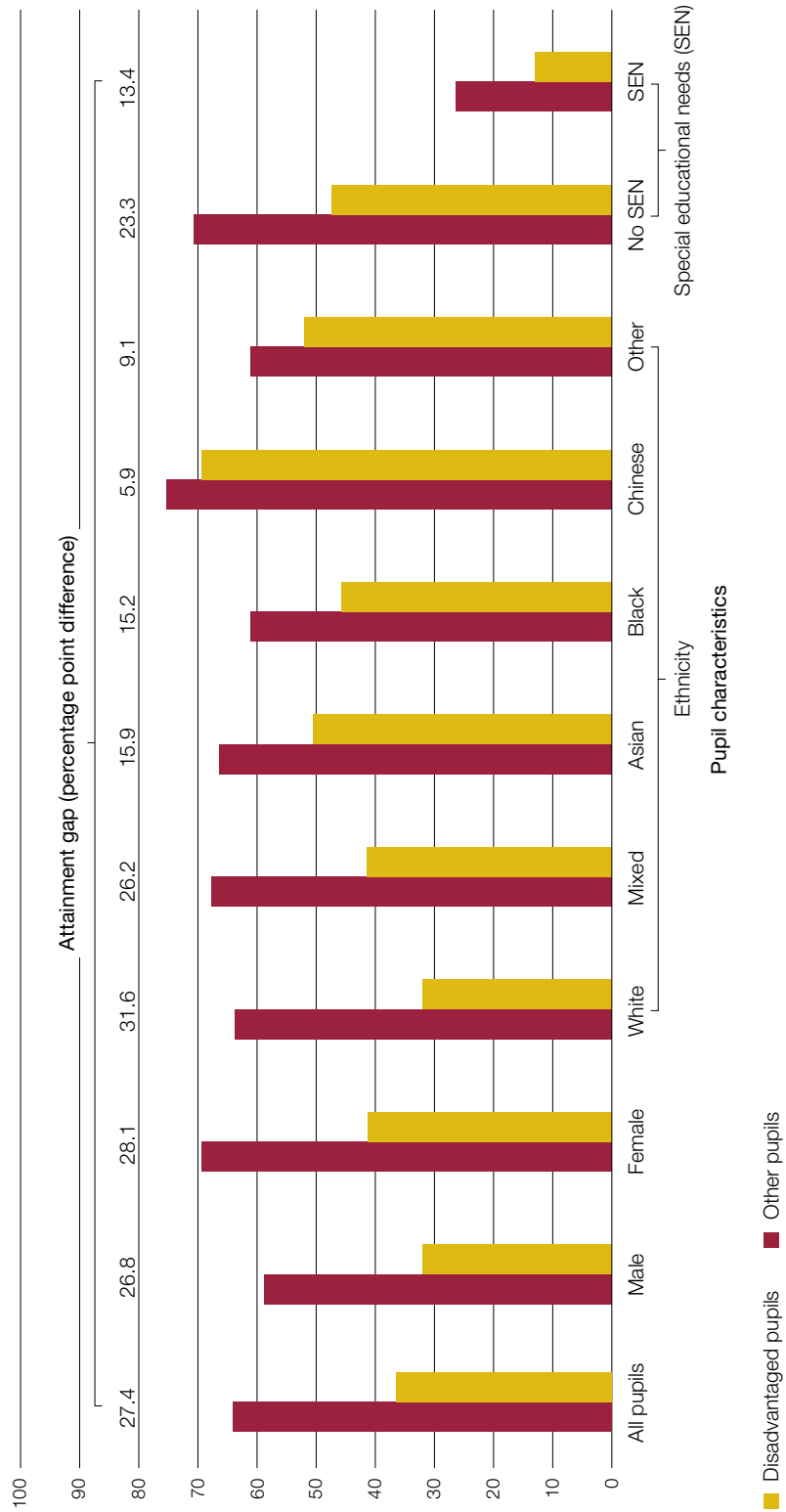
² Sutton Trust, *Mobility manifesto*, 2010.

Figure 1

The attainment gap at GCSE, 2014

An attainment gap between disadvantaged pupils and others exists irrespective of other pupil characteristics

Percentage of pupils achieving five or more GCSEs graded A*-C including English and Maths

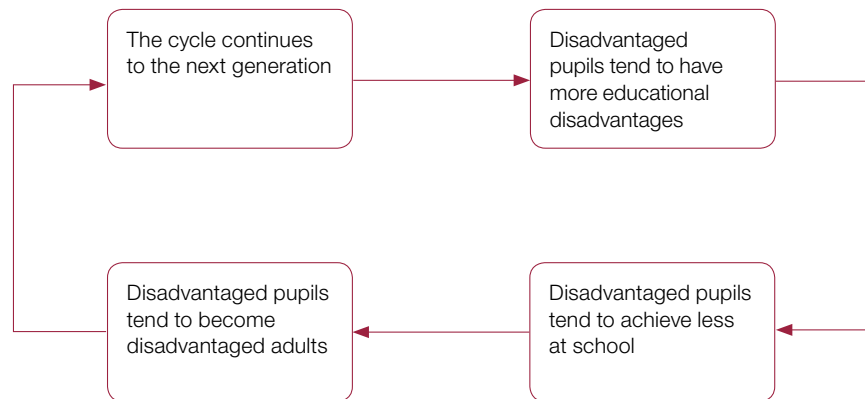


Source: Department for Education's attainment data

Figure 2

The cycle of educational disadvantage

The attainment gap is thought to transmit poverty between generations



Source: National Audit Office literature review

Pupil Premium

1.5 There have been various local initiatives aimed at closing the attainment gap, for example the London Challenge which started in 2003, but by 2011 the national gap was still very large. In 2011, the Department introduced new funding to close the attainment gap across England by improving the academic performance of disadvantaged pupils. The Department pays the Pupil Premium directly to schools as extra funding for each disadvantaged pupil aged between 4 and 16. This money is on top of core funding which the Department distributes to local authorities to allocate through local funding formulae.

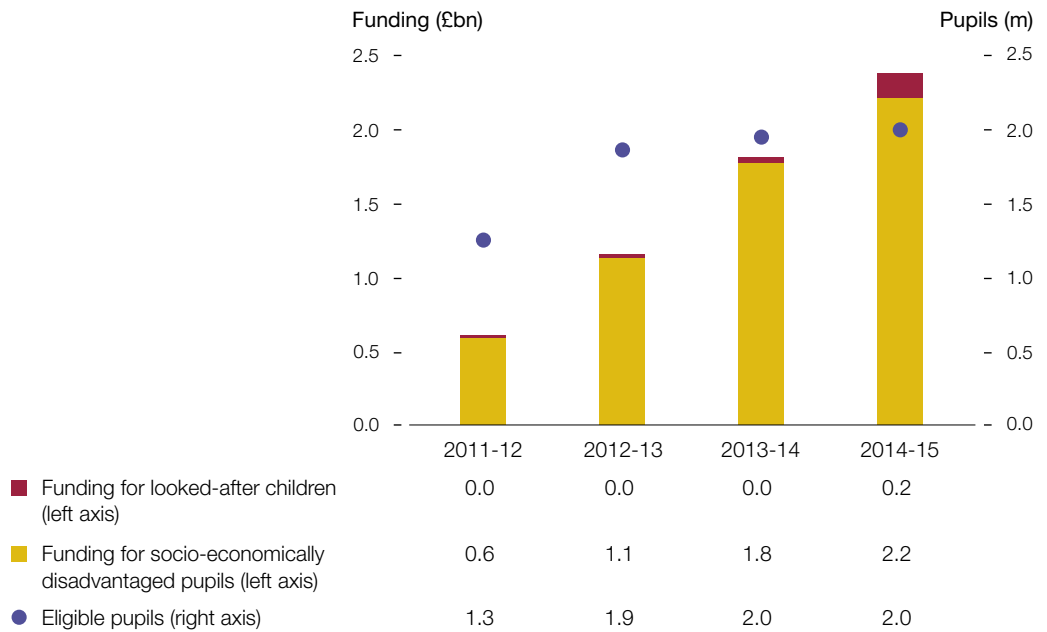
1.6 In 2011-12, the Pupil Premium was £488 per pupil per year for disadvantaged pupils of all ages and 1.3 million pupils were eligible (**Figure 3** overleaf). By 2014-15, policy decisions meant that 2.0 million pupils were eligible and the funding had risen to £1,323 for a primary pupil who had received means-tested free school meals at any point over the past six years and £935 for a secondary pupil. In 2014-15, the Department also gave schools £1,900 for each looked-after child and some care leavers. Total Pupil Premium funding increased from £614 million in 2011-12 to £2.5 billion in 2014-15.³ This falls within the 0.1% per year real-terms increase in the schools budget for 4- to 16-year-olds that the government announced in the 2010 Spending Review.

³ Excludes the £19 million Service Premium for the children of armed forces personnel.

Figure 3

Pupil Premium funding and pupil numbers

The value of the Pupil Premium and the number of eligible pupils have both increased since 2011



Notes

- 1 Excludes the Service Premium for the children of armed forces personnel.
- 2 Excludes the summer schools programme and year 7 catch-up funding (paragraph 1.12).

Source: Department for Education's Pupil Premium funding tables

Objectives

1.7 As a matter of policy, the Department has sought to set fewer national targets in recent years; it has not set a specific target for the Pupil Premium. However, it has said that it expects to achieve a significant positive impact on the attainment gap in primary schools by 2015, and in secondary schools by 2020. It measures this using exam results at the end of primary school (key stage 2) and GCSE results at the end of secondary school (key stage 4). Referring to 2011 performance data, this implies that:

- by 2015, significantly more than 62.2% of disadvantaged pupils will reach required reading and maths standards by the end of primary school, with the 18.4 percentage-point gap between them and their peers significantly reduced; and
- by 2020, significantly more than 36.1% of disadvantaged pupils will gain five good GCSEs including English and Maths, with the 29.0 percentage-point gap between them and their peers significantly reduced.

The Department has not yet said how it will define 'significant'.

1.8 Beyond 2015 and 2020 respectively, the Department expects the impact of the Pupil Premium to increase as disadvantaged pupils taking exams will have benefitted from the funding for longer. It expects the funding to achieve its full impact in primary schools from 2018 and in secondary schools from 2023 – the years, respectively, when eligible pupils will have been funded for their entire education.

Allocating the Pupil Premium

1.9 Schools get the Pupil Premium based on the number of eligible pupils identified in the school census. The precise definition has changed, moving from pupils entitled to free school meals at the time of the census to pupils who had been eligible for means-tested free school meals at any point in the previous six years. Similarly, the looked-after children criteria have changed to include any child in care for one day or more during the year, as well as some care leavers. This helps to explain the rise in the number of pupils defined as disadvantaged, from 1.3 million (19% of pupils) in 2011-12 to 2.0 million (29% of pupils) in 2014-15.

1.10 The Department's original measure of disadvantage was inadequate. Unlike pupils' probable educational needs, their eligibility for funding could change from one year to the next. The revised measure gives greater stability but still does not identify all disadvantaged pupils. Not all potentially eligible pupils are registered for free school meals (paragraph 1.13) and in February 2015, of 543 school leaders we surveyed, 75% judged that some of their pupils with parents in low-income employment were ineligible. Currently, there is no better measure.

1.11 From 2016, Universal Credit is due to replace the legacy system used to determine free school meal eligibility. This will make it impossible to identify disadvantaged pupils consistently with previous years. The Department is considering how to address this important issue.

1.12 As well as giving out funding to schools, the Department also allocates some Pupil Premium funding to wider programmes to support disadvantaged pupils. In 2014-15, the Department spent £33.9 million on summer schools and £48.5 million on year 7 catch-up classes. However, not all this funding is necessarily targeted at disadvantaged pupils: year 7 catch-up classes are available to pupils from any background.

Claiming Pupil Premium funding

1.13 Under-registration of children eligible for free school meals is known to be an issue in allocating this funding. In 2013, the Department estimated that 160,000 pupils were eligible for free school meals but not registered, an under-registration rate of 11%. Consequently, these pupils would not qualify for Pupil Premium unless registered for free school meals at some point in the previous six years. This rate varies substantially between local authorities. In some areas, it is estimated that parents do not under-claim at all (Wigan); in others, there is an estimated under-claim of more than 30% (Slough).

1.14 Local authorities and schools we visited told us that the risk of under-registration had been exacerbated by introducing Universal Infant Free School Meals in 2014. This has removed the most obvious incentive for parents to apply in the first two years of school. The Department's research suggests take-up has not been adversely affected to date.

Overseeing the Pupil Premium

Accountability

1.15 Schools are held to account for how they use the Pupil Premium in four different ways:

- The Department expects governors to understand how their school uses the Pupil Premium and to challenge school leaders accordingly.
- Performance tables report on disadvantaged pupils' attainment compared with their peers'.
- Schools must report annually on how they spend the Pupil Premium funding, through a document that is to be publicly available, including to parents.
- Ofsted inspects the attainment and progress of disadvantaged pupils, and the strength of governors' oversight.

Support and intervention

1.16 To help schools support disadvantaged pupils, the Department has contributed to the creation of an education research charity, the Education Endowment Foundation (EEF), by giving it grants of £137 million which the EEF intends to spend over 15 years. The charity is part of the What Works network, a government initiative designed to support evidence-based policy-making. Its role is to:

- identify and fund educational innovations that meet disadvantaged pupils' needs;
- evaluate these innovations to extend evidence on what works and to discover what may work at scale; and
- encourage schools, government, charities and others to apply evidence.

1.17 In addition, the Department has identified several hundred system leaders who it has encouraged to share best practice across the school system. These are experienced school leaders with a track record of raising the achievement of disadvantaged pupils. It also promotes best practice by publicly identifying high-performing schools. Finally, the Department has appointed a national Pupil Premium Champion, who makes presentations to school leaders and teachers at conferences and feeds back to the Department about the policy. Where Ofsted or the Department identifies that a school is not supporting disadvantaged pupils well, they recommend the school to commission a Pupil Premium review from one of these system leaders.

Departmental oversight

1.18 The Department monitors the programme through management information reviewed by boards at different levels of seniority. This focuses on specific issues relating to the implementation of the programme and, as data have become available, its impact. Among other things, the Department tracks:

- progress against milestones and areas for concern;
- pupils' attainment and the attainment gap;
- the number of Pupil Premium reviews that Ofsted recommends; and
- the availability of approved Pupil Premium reviewers.

1.19 Aside from regular management information, in 2012 the Department also surveyed schools to understand how they were using the Pupil Premium. It has also recently commissioned research into the characteristics and practices of schools that have narrowed the attainment gap successfully.

Other funding for schools in deprived areas

1.20 In contrast to the Pupil Premium, allocating the £31 billion of core funding to schools is a more complex and variable process, and the objectives attached to this funding are less specific.⁴ The Department allocates a per-pupil amount to local authorities, who distribute it to schools through locally-determined funding formulae; this means that not every school receives the same per-pupil amount. The Department distributes core school funding to local authorities based not on a current assessment but on their 2005 spending patterns. These have since been adjusted by annual spending increments and pupil numbers, but not, in general, to reflect wider changes, for instance in the regional distribution of wealth.

1.21 Allocations to local authorities tend to target more funding towards those with a higher proportion of disadvantaged pupils (**Figure 4** overleaf). However, there is some unexplained variation, particularly between London and the rest of the country. Local authorities in inner London get about 23% more funding than those with similar proportions of disadvantaged pupils outside London even though the Department's data show that workforce cost are only 17% higher.

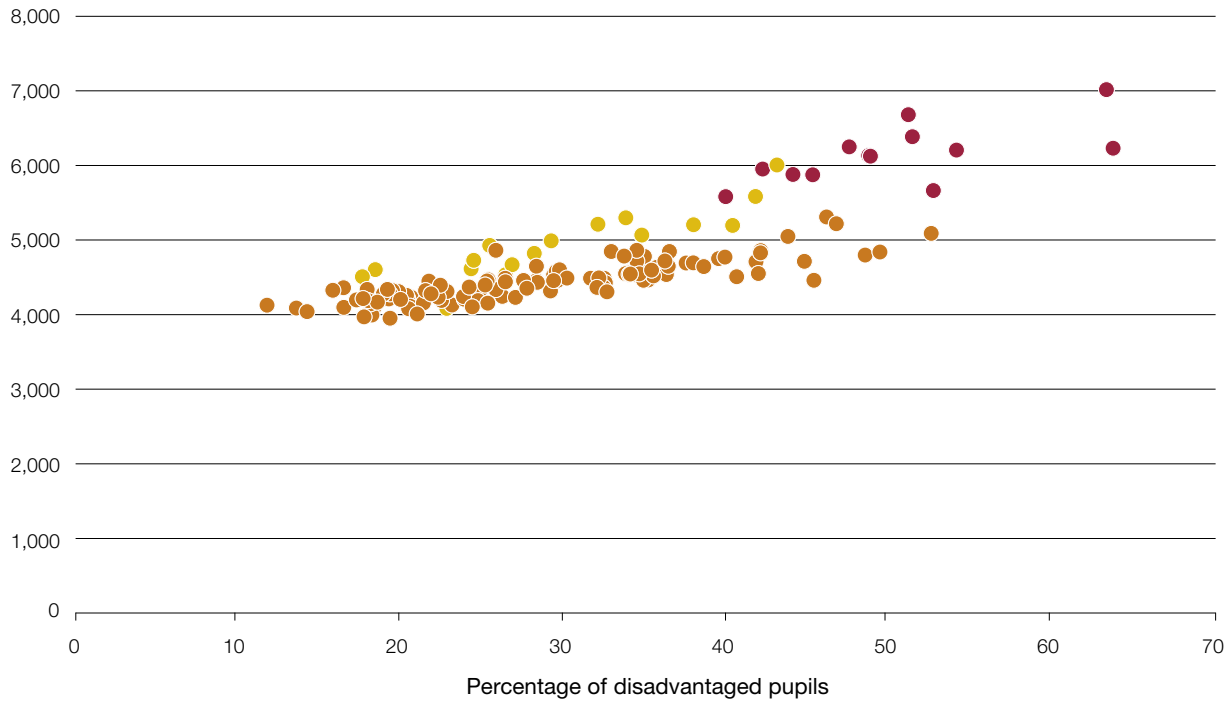
⁴ Comptroller and Auditor General, *Formula funding of local public services*, Session 2010–2012, HC 1090, National Audit Office, July 2011.

Figure 4

School funding the Department gives to local authorities, 2014-15

Local authorities in London receive more funding per pupil, even when disadvantage is controlled for

Per-pupil funding (£)



- Inner London
- Outer London
- Rest of England

Source: Department for Education's local authority and school funding data

1.22 Local authorities agree how to distribute school funding with representatives of their schools. The Department requires local authorities to include deprivation in their funding formulae. In 2014-15, local authorities distributed £2.4 billion of funding to schools on this basis. On average this amounted to 8.4% of formula funding, but the proportion varied widely, from about 2% to 20%. While local authorities identify disadvantaged pupils differently, we estimate that in 2014-15 some schools received over £3,000 more than others for each disadvantaged pupil because of differences in the size of core funding and choices about how to distribute it. Local authorities we spoke to confirmed that they often calculate allocations based on historic funding practices. They choose to avoid making changes that create large year-on-year fluctuations even when it means funding is not based on an assessment of need.

1.23 There are no specific accountability and transparency measures for locally distributed deprivation funding. Unlike the Pupil Premium, schools do not have to publish any reports on how they use this funding to benefit disadvantaged pupils, nor does Ofsted explicitly expect school governors to understand how it is used.

1.24 The Department recognises that school funding does not accurately reflect current need and is working to reform the system. In 2013-14 it required local authorities to simplify their funding formulae, by restricting the number of variables they could use to ten. In 2015-16 it is also distributing an extra £390 million to those local authorities it calculates to be the most underfunded. It is currently considering future funding arrangements.

The Pupil Premium's impact on school budgets

1.25 The Pupil Premium is additional money for schools, which they only receive if they have eligible pupils. Without the Pupil Premium, total school funding for 4–16-year-olds would have reduced below 2010-11 levels in real terms. However, the impact of the Pupil Premium on each school's overall budget varies.

1.26 Total per-pupil funding has increased in 55% of schools in real terms, but it has reduced in the remainder. On average, the Pupil Premium is more likely to have increased total funding per pupil, in real terms, in schools with higher proportions of disadvantaged pupils (**Figure 5** on pages 22 and 23). We estimate that, between 2010-11 and 2014-15, per-pupil funding in the most disadvantaged secondary schools increased by 5.1%, while per-pupil funding in secondary schools serving the least disadvantaged communities decreased by 3.0%. In primary schools, the most disadvantaged schools have seen per-pupil increases of 4.3%, while the least disadvantaged have experienced decreases of 1.1%. Where there are increases, they have mainly occurred from 2013-14 onwards.

1.27 This redistributive effect on average masks considerable variation between schools. For example, we estimate that per-pupil funding in 16% of the most disadvantaged secondary schools fell by more than 5% in real terms between 2010-11 and 2014-15. However, 21% of these schools experienced an increase of more than 10%.

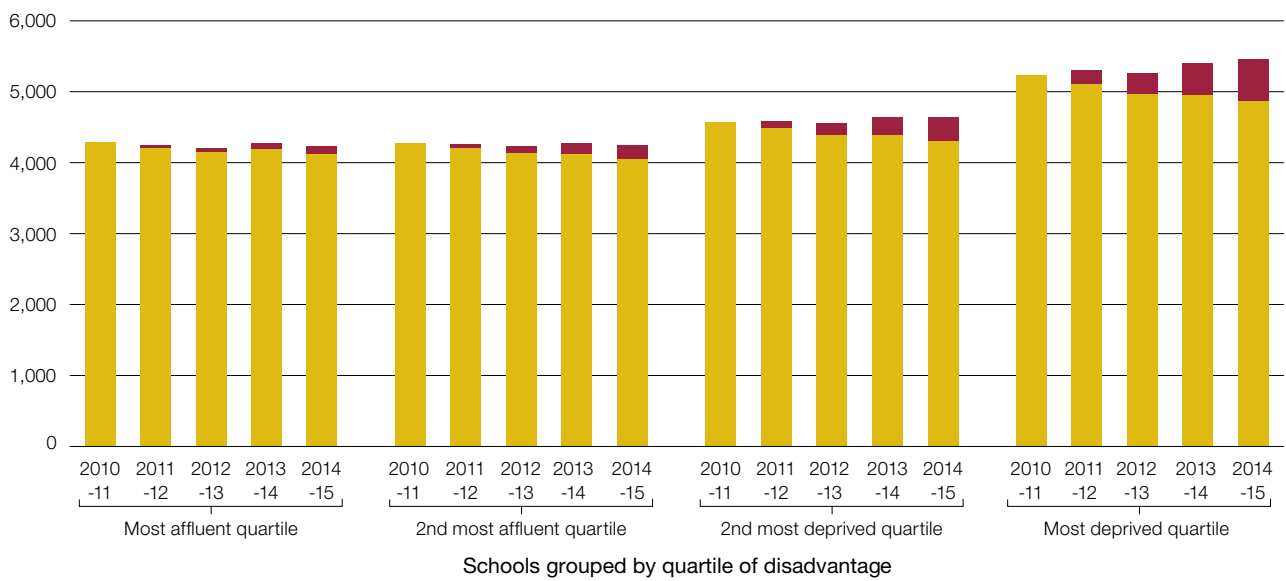
Figure 5

Impact of Pupil Premium on total school funding between 2010-11 and 2014-15

On average, per-pupil funding has increased for schools in the most disadvantaged areas but not for others

Primary

Funding per pupil (£)



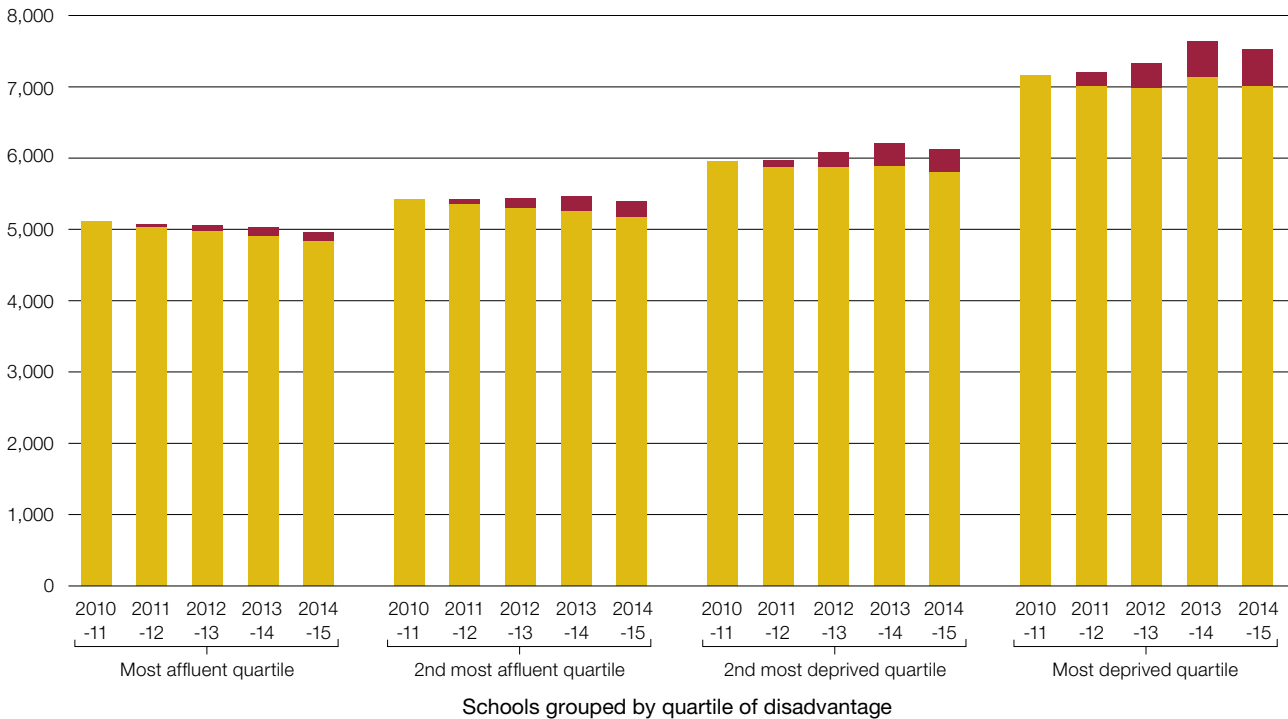
- Pupil Premium
- Other funding

Figure 5 continued

Impact of Pupil Premium on school income between 2010-11 and 2014-15

Secondary

Funding per pupil (£)



- Pupil Premium
- Other funding

Notes

- 1 The analysis contains maintained schools only, not academies, and includes all grant funding received by secondary schools with sixth forms.
- 2 Figures are in real terms at 2014-15 values, using GDP deflators.
- 3 Quartiles are based on the percentage of pupils eligible for free school meals in each school.
- 4 2014-15 figures have been estimated by assuming constant core funding in cash terms and adjusting the Pupil Premium to reflect 2014-15 per-pupil funding.

Source: Department for Education's Consistent Financial Reporting data

Part Two

Schools' provision for disadvantaged pupils

2.1 The main responsibility for spending the Pupil Premium well rests with schools. Reporting in 2012, just a year after the Pupil Premium was introduced, Ofsted found that the funding had not significantly affected how schools were supporting disadvantaged pupils.⁵ Since then, schools' approach has had time to mature. In this section we review:

- the pupils who are most likely to benefit from the Pupil Premium;
- how schools assist disadvantaged pupils;
- the support for schools to use the funding effectively; and
- accountability and intervention activities.

Targeting pupils

2.2 Most, but not all, schools currently estimate that they spend all of their Pupil Premium funding on activities to try to close the attainment gap. Some 78% of school leaders said in our survey that they targeted more support at disadvantaged pupils than the Pupil Premium paid for. Only 5% said that they did not currently spend all of their Pupil Premium allocation on trying to close the attainment gap.

2.3 However, not all disadvantaged pupils currently get extra support. While 98% of school leaders reported targeting support at disadvantaged pupils whose attainment or progress was low, fewer supported disadvantaged pupils whose attainment or progress was moderate (83%) or high (68%). Clearly the greatest risks in terms of poor long-term outcomes attach to those with the lowest attainment, but research also shows that disadvantaged pupils who achieve highly early on in school tend to achieve less by the end of their education than other, similarly talented pupils.⁶ Furthermore, in March 2015, Ofsted identified that more-able disadvantaged pupils were not routinely getting the guidance they needed to make good decisions about their future after school.⁷

⁵ Ofsted, *The Pupil Premium*, 2012

⁶ Social Mobility and Child Poverty Commission, *High attaining pupils from disadvantaged backgrounds*, 2014.

⁷ Ofsted, *The most able students: an update on progress since June 2013*, 2015

2.4 Some 77% of schools spend at least some of their Pupil Premium on activities directed at pupils of all backgrounds, not just those who are disadvantaged. School leaders told us that funding relevant school- or class-wide interventions (such as interventions to improve general behaviour) could be an effective means of supporting disadvantaged pupils. Where they can be shown to work, such interventions can be efficient and the Department for Education (the Department) supports them. However, spending too much Pupil Premium funding on school- or class-wide activity risks diluting its impact on the disadvantaged, particularly when they are present in small numbers in a school. Of schools with fewer than 1 in 5 pupils eligible for free school meals, 15% mainly or solely use the funding in this way.

2.5 Many disadvantaged pupils (32%) also have a special educational need, a higher rate than for other pupils (15%). Schools get funding to support pupils with special educational needs through local funding formulae and, if the cost of such support exceeds £6,000 for any pupil, they can apply for top-up funding. Our review of schools' Pupil Premium statements indicates that some are using the Pupil Premium to fund special educational needs support, such as speech and language therapy. Although we have not looked at special educational needs funding as part of this study, there is a clear risk that, in some cases, the Pupil Premium could be replacing rather than supplementing it. This would mean that a particularly vulnerable group of disadvantaged pupils was not getting the full support to which it is entitled.

Interventions schools use

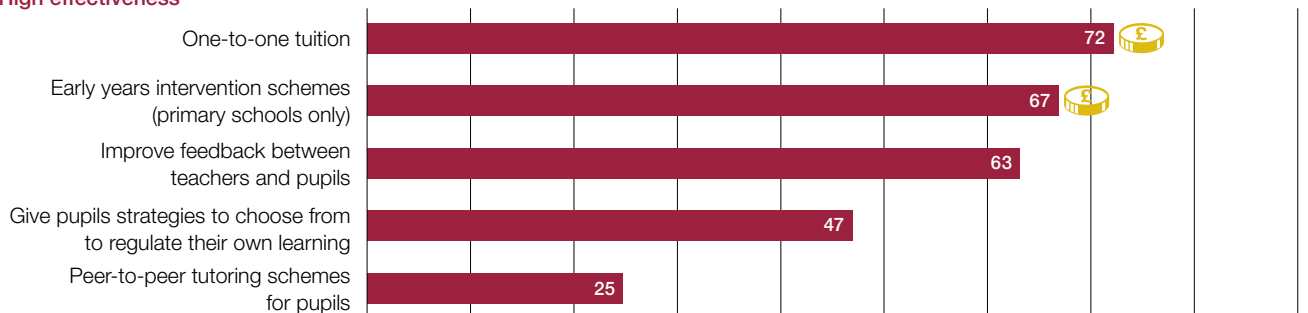
2.6 The value of the Pupil Premium varies widely between schools, from less than £5,000 to more than £500,000, altering the number and types of intervention schools can offer. We asked school leaders detailed questions about the support they gave pupils from disadvantaged backgrounds and compared the answers against evidence of cost-effectiveness from the Education Endowment Foundation (EEF) (**Figure 6** overleaf).

Figure 6
Interventions chosen by schools

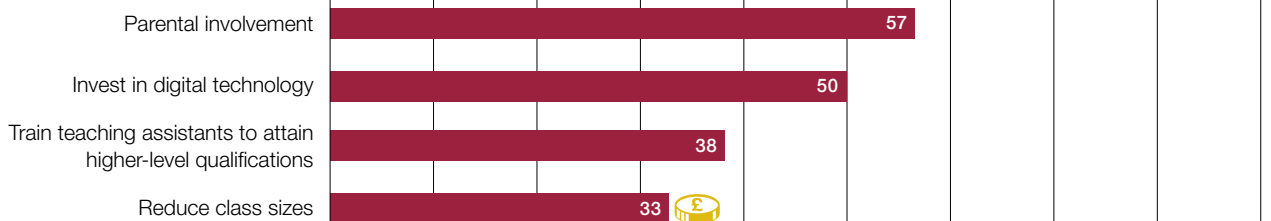
This graph shows the cost-effectiveness of interventions schools use to support disadvantaged pupils and the proportion of schools that use them

Intervention by effectiveness

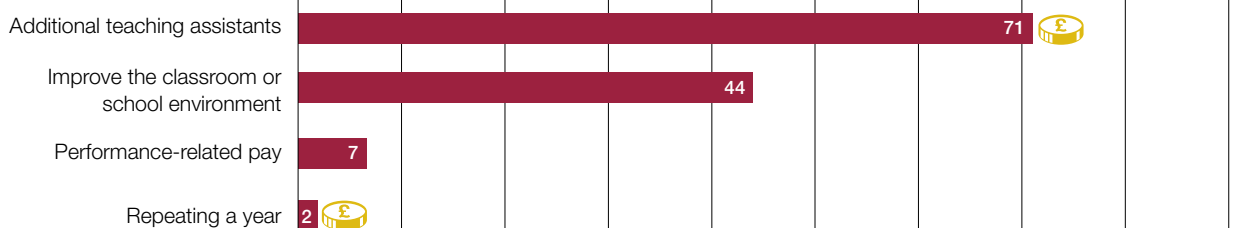
High effectiveness



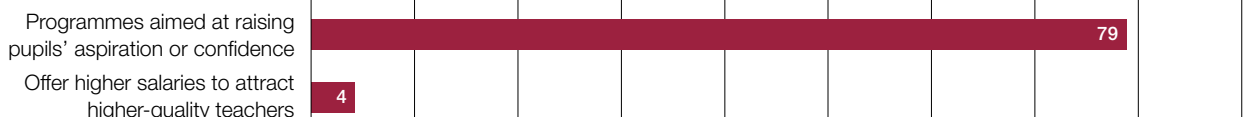
Moderate effectiveness



Low effectiveness



Evidence does not allow conclusion



Proportion of schools using intervention (%)

High cost

Note

1 The level of effectiveness is as determined by the Education Endowment Foundation.

Source: National Audit Office survey of 543 school leaders

2.7 Caution must be applied when using current educational research about what works with disadvantaged pupils as the evidence is not comprehensive or strong enough to draw firm conclusions. Effectiveness will vary according to school context, the needs of individual children, and the precise way in which schools apply interventions. However, from our survey we found the following.

- Schools use some approaches that evidence suggests are effective under the right conditions. For example, most schools (72%) support disadvantaged pupils with one-to-one tuition. While costly, this has been shown to be effective when done well. Some 63% of schools are choosing to improve feedback between teachers and pupils.
- Schools are not yet using interventions that evidence shows have been effective and low-cost. Peer-to-peer tutoring is highly cost-effective, yet only 25% of schools use it.
- Schools use the Pupil Premium to fund costly interventions of doubtful effectiveness. For example, 71% of school leaders report employing extra teaching assistants to support disadvantaged pupils, a high cost approach that will only improve results if schools learn to deploy these staff more effectively (see paragraph 2.12 for more about teaching assistants).
- Despite interventions many schools still see some barriers to improvement. For example, 91% of school leaders perceive parental involvement in pupils' learning to be a barrier to improving disadvantaged pupils' performance. However, only 57% of schools had an intervention to address this concern.

School leaders, teachers and teaching assistants

2.8 Schools serving disadvantaged communities tend to use their increased spending power to employ more staff (**Figure 7** overleaf), but appear to be less likely to attempt to attract higher-quality staff by increasing pay. In our survey, very few school leaders (4%) reported supporting disadvantaged pupils by using higher salaries to attract higher-quality teachers.

2.9 Good school leadership is essential to closing the attainment gap. However, this is less common in more disadvantaged schools. Ofsted has judged that leadership requires improvement or is inadequate in 33% of secondary schools where more than one-fifth of pupils qualify for free school meals, compared with just 19% of secondary schools where fewer qualify. For primary schools the equivalent figures are 23% and 13% respectively.

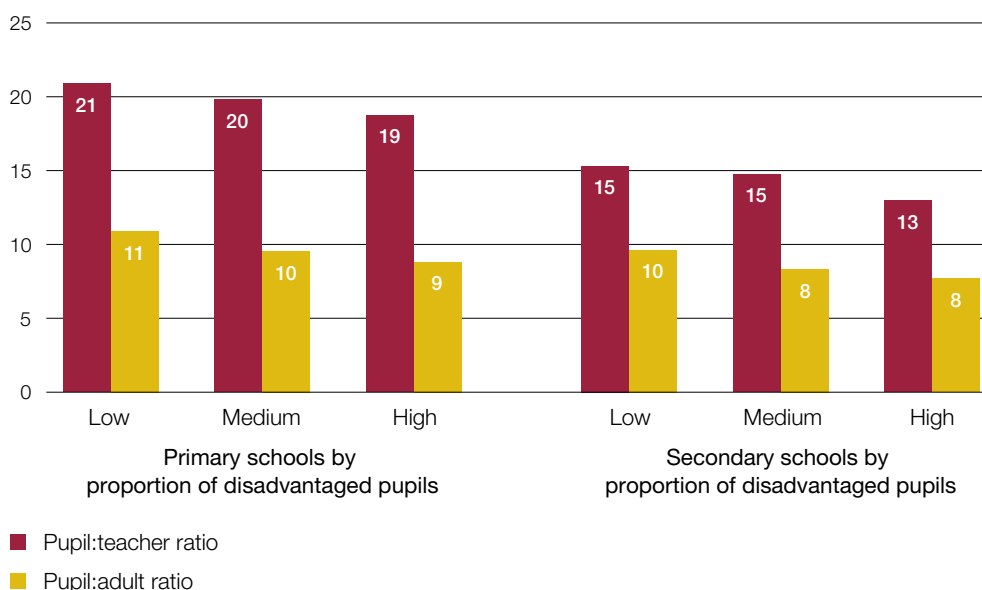
2.10 High-quality teaching is also crucial. However, schools in disadvantaged areas are more likely to struggle to attract the best teachers. Some 54% of school leaders in such schools said attracting and keeping good teachers was a major barrier to supporting disadvantaged pupils, compared with 33% in other schools. This gap and the attainment gap are likely to be related. School leaders in disadvantaged areas report that recruitment difficulties stem from the particular challenges of working in these schools. Some 44% of school leaders in more disadvantaged areas reported that the prospect of work with challenging pupils prevented them attracting the best teaching staff, compared with just 4% in other schools.

Figure 7

Pupil-teacher and pupil-adult ratios by school deprivation

Schools in disadvantaged areas employ more staff

Number of pupils to each teacher/adult

**Note**

1 Schools judged to have a 'Low' proportion of disadvantaged pupils have less than 20% of pupils who qualify for free school meals. 'Medium' schools have between 20% and 35%. 'High' have above 35%.

Source: Department for Education's school workforce data, 2013

2.11 The Department supports the charity Teach First, whose core work is to attract teachers to schools that serve disadvantaged communities. The Department contributes some funding to the charity's work: recruiting high-quality graduates into schools with significant levels of economic deprivation and low levels of educational performance. It works with 814 schools, about 40% of which are in London. Nationally, there are about 1,800 mainstream schools with very high proportions of pupils from disadvantaged backgrounds.

2.12 We estimate that schools' spending on teaching assistants has increased by £430 million between 2011 and 2013 alone, an increase of 11% when pupil and teacher numbers have increased by just 2-3%. Teaching assistants reduce teachers' workload and can deliver interventions such as one-to-one tuition effectively in the right conditions. However, while 7 out of 10 schools spend Pupil Premium funding on teaching assistants, only 25% of school leaders thought that this was one of the most effective ways of improving disadvantaged pupils' attainment. Research suggests that the typical deployment and use of teaching assistants, under everyday conditions, is not leading to improvements in academic outcomes. It also found that teaching assistants are not adequately prepared for their role in classrooms. The EEF has made evidence-based recommendations on teaching assistant deployment.⁸ The Department is currently considering introducing standards for teaching assistants.

8 Education Endowment Foundation, *Making Best Use of Teaching Assistants*, 2015.

Schools' use of evidence

2.13 The EEF disseminates existing and emerging research through its Teaching and Learning Toolkit. The toolkit is designed for quick reference and lists interventions according to their known effectiveness in supporting learning, their cost and the quality of the research underpinning them. The toolkit is not the only source of published best-practice information: Ofsted, among others, has produced guidance explaining how to approach using the Pupil Premium.

2.14 School leaders employ many sources when deciding how to spend the Pupil Premium but not all use best-practice information like the toolkit (**Figure 8** overleaf). Most schools (87%) use internal monitoring and evaluation information; 73% use Ofsted's guidance; 64% use the toolkit (up from 36% who used academic research in 2012); and 45% use other academic research. More than 90% of school leaders who used each of these external sources found them helpful.

Strength of the evidence

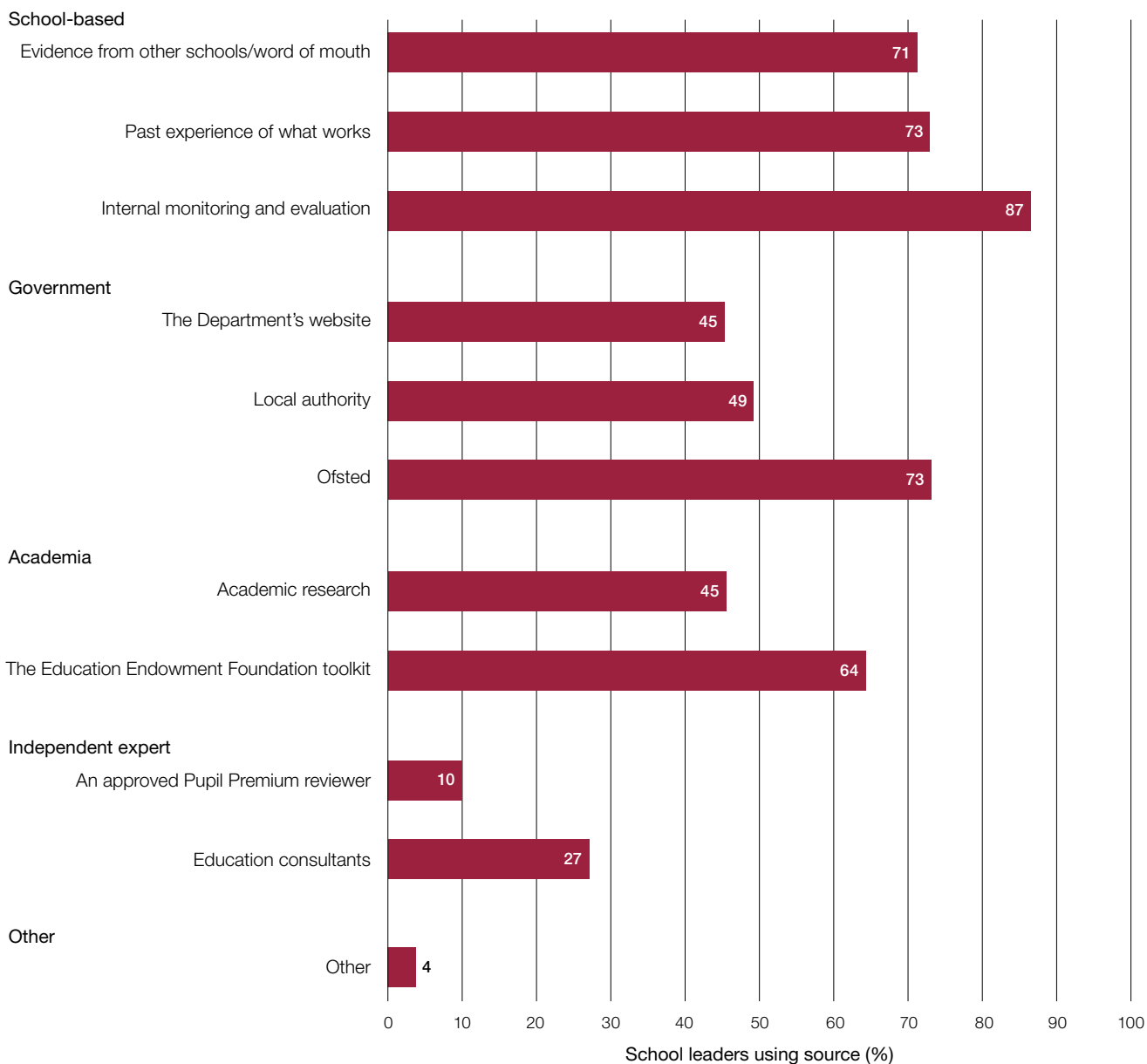
2.15 Best practice information is increasingly available, but the evidence supporting the cost-effectiveness of some commonly used approaches is relatively weak. In addition, conditions in different schools vary greatly and some school leaders told us they would find more information about what works in certain circumstances helpful. Existing research evidence, they said, was often generic and did not address the specific context of their school.

2.16 The Department's initial investment in the EEF was relatively large: £125 million. However, given the early stage of developing the evidence and the fact that the money is to be spent over 15 years, publicly funded research still constitutes only a small element of the overall Pupil Premium policy. The EEF grant equates to £8.3 million a year, less than 0.4% of the annual £2.5 billion Pupil Premium allocation to schools. The Department has provided an additional £12 million to the EEF for specific projects since 2011.

2.17 As well as reviewing others' research, the EEF has awarded £57 million of funding to 100 research projects, involving more than 5,000 schools and 600,000 pupils since its launch. More than 80% of published projects are randomised controlled trials, which try to evaluate interventions in a robust way. Peer review of the initial 36 reports that have been published on the EEF's website to date indicates the robustness of reports has varied. The EEF explained to us that this reflects initial efforts to improve a generally weak evidence base and these reports will guide more robust studies in future.⁹

Figure 8
How schools identify best practice

Schools use a wide range of sources but not all use those that are externally produced



Source: National Audit Office survey of 543 school leaders

Supporting schools

2.18 In addition to the EEF, the Department has other ways to support schools to use Pupil Premium funding well. A particular concern of the Department's is teachers' preparedness to use evidence in developing their teaching practice. A report commissioned by the Department, published in March 2013,¹⁰ found that evidence-based practice is not yet routine in English schools. The Department is committed to trying to change this.

Research networks

2.19 The National College for Teaching and Leadership (NCTL) has set up a teaching schools research and development network. The network makes research evidence more accessible to schools. It does so by supporting teaching school alliances to engage in research and development with higher education institutions. For example, the NCTL has invested £4 million in the two-year 'Closing the Gap' project designed to test interventions with groups of schools. More than 800 schools are carrying out research and developing teachers' skills in research methods. Evidence obtained from trials will be published.

Recognising achievement

2.20 Since 2013, the Department has recognised schools where disadvantaged pupils make the most progress through annual Pupil Premium Awards. These are designed to incentivise more schools to innovate and improve. In 2015, the total prize fund was nearly £4 million with a top prize of £250,000 for the winning secondary school and £100,000 for the winning primary school. The Department also sent 1631 congratulation letters to schools where disadvantaged pupils perform highly in 2014 assessments. The Department publishes a case study for each winner and the names of schools that have received a congratulatory letter so others can learn from their approach.

Accountability and transparency

2.21 Although the Department clearly intends the Pupil Premium to be spent on reducing the attainment gap, the funding is not ring-fenced within schools and there is no official requirement to spend it on any particular activity. Schools have autonomy to choose how to spend funding, but the Department maintains a system through which they may be held to account for their choices.

Governance

2.22 Governors hold schools leaders to account for how they use the Pupil Premium. Available evidence suggests that most do so effectively. We analysed inspection reports published between September and December 2014. Ofsted commented positively about the quality of school governance with regard to the Pupil Premium following two-thirds of inspections, and negatively in only about one-tenth. Governance was most likely to be poor in schools that Ofsted judged inadequate and where progress of disadvantaged pupils was poor (**Figure 9**). Some 82% of school leaders who responded to our survey thought that governor challenge provided an effective, or very effective, incentive to focus on the performance of disadvantaged pupils.

Transparency

2.23 Schools must publish an annual statement online explaining:

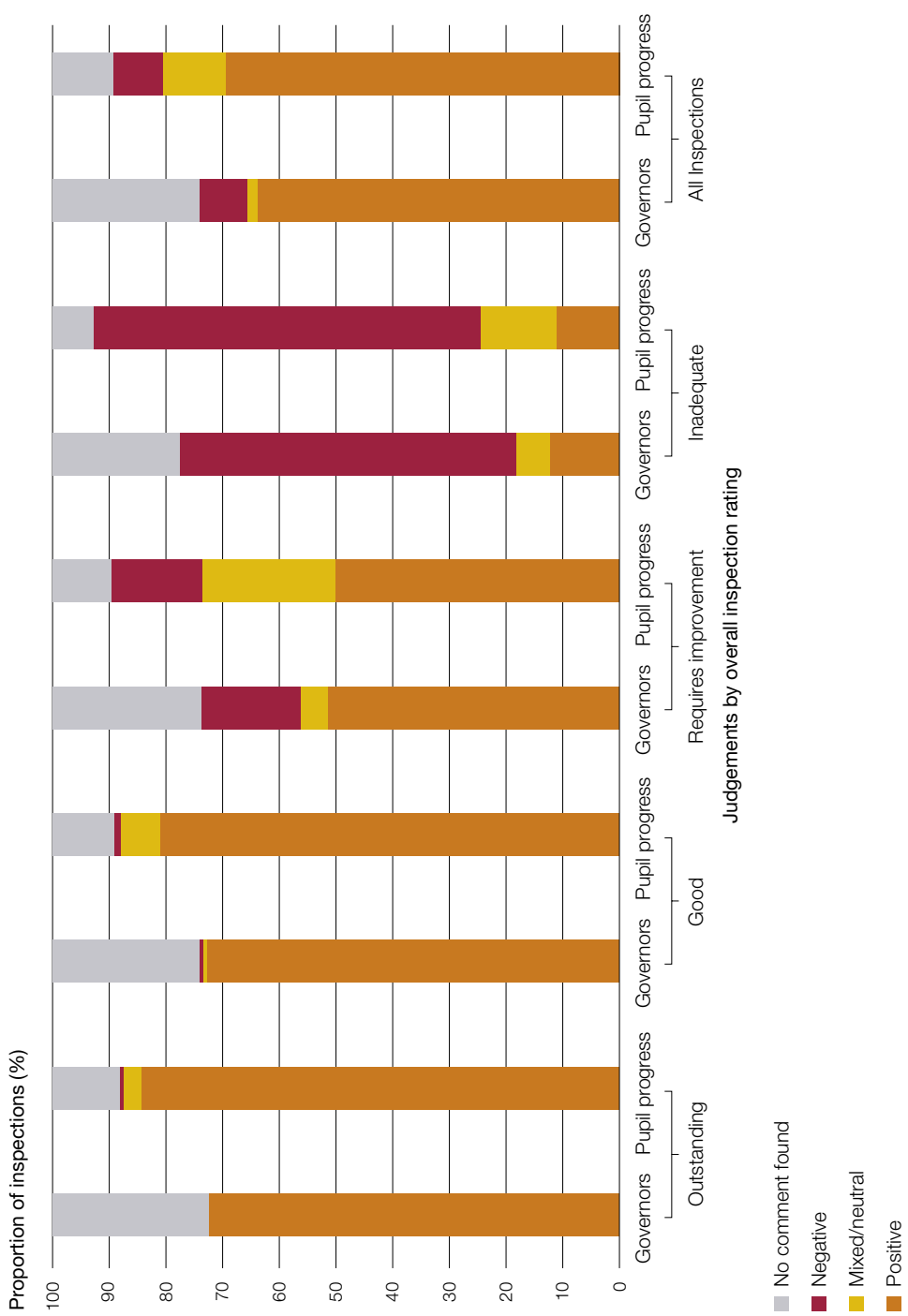
- how much Pupil Premium funding they receive;
- how they used funding in the previous academic year;
- their plans for the funding in the current academic year; and
- the impact of expenditure on disadvantaged pupils.

2.24 The Department does not use the annual statement to monitor systematically how schools use the Pupil Premium or whether schools meet this requirement. We found poor compliance. From the sample of 465 schools we examined, we estimate only a third fully complied with reporting requirements – just under two fifths did not explain the impact of Pupil Premium funding in their statement. About a tenth did not publish any statement at all. In our survey, only 50% of school leaders thought the Pupil Premium statement currently provided an effective or very effective incentive to focus on the performance of disadvantaged pupils.

2.25 A key intention of the Pupil Premium statements was to inform and empower parents. However, our survey of parents found that just 24% in lower socio-economic groups, whose children are more likely to be eligible for the Pupil Premium, had heard of the Pupil Premium compared with 42% of more affluent parents. Of those that had heard of it and who were aware that their child received the Pupil Premium, just one-third had read the Pupil Premium statement.

2.26 The Department also publishes much information about the attainment of disadvantaged pupils against their peers in school performance tables. Many school leaders (66%) felt this was an effective or very effective incentive to focus on the performance of disadvantaged pupils.

Figure 9 Ofsted’s review of governors’ oversight of the Pupil Premium and disadvantaged pupils’ progress
 Our analysis of inspection reports found that Ofsted comments positively on the quality of school governance and pupil progress in most, but not all, cases



Notes
 1 Based on 1,679 primary and secondary schools inspected between September and December 2014.
 2 Paragraphs mentioning “Pupil Premium” and “disadvantaged” were extracted from reports and evaluated.
 Source: National Audit Office analysis of Ofsted inspection reports

Inspection

2.27 From September 2012, Ofsted has inspected disadvantaged pupils' achievement, and also the strength of governors' oversight of activity funded by the Pupil Premium. It has developed its approach over time. Currently, schools receive a positive inspection outcome only when their provision for disadvantaged pupils is good. Most, but not all, school leaders (80%) feel that Ofsted's inspections provide an effective or very effective incentive to focus on the performance of disadvantaged pupils. However, the inspection process has its limitations:

- Inspection can be infrequent. Ofsted does not routinely target inspection using the performance of disadvantaged pupils. Some 6,400 schools have not been inspected since Ofsted started inspecting the Pupil Premium in September 2012. In the most recent exams, disadvantaged pupils in about one-quarter of these schools attained less than the national average for disadvantaged pupils.
- Inspection is not an in-depth review of schools' use of the Pupil Premium. Inspectors consider the attainment and progress of disadvantaged pupils and school leadership's processes for monitoring this. However, they do not check whether all disadvantaged pupils benefit from the funding, nor do they judge whether funding is inappropriately targeted at pupils who are not disadvantaged or used sub-optimally.

Interventions for schools with identified weaknesses

2.28 The Department relies primarily on Ofsted to assess the quality of school's provision for disadvantaged pupils. In July 2014, Ofsted reported that, overall, school leaders are spending Pupil Premium funding more effectively and that there were encouraging signs that this was improving outcomes for disadvantaged pupils. Furthermore, our review found that Ofsted commented positively on disadvantaged pupils' progress following two-thirds of inspections between September and December 2014 (Figure 9). However, Ofsted had concerns about the quality of some schools' provision for disadvantaged pupils.¹¹

2.29 When Ofsted finds poor provision it typically recommends that a school commissions a Pupil Premium review from an independent expert, preferably a Department-approved reviewer. The Department also looks at performance data itself and can recommend that a school commissions a Pupil Premium review. In neither case is the review compulsory, although Ofsted checks whether a school has carried one out during routine monitoring visits.

2.30 Ofsted recommended Pupil Premium reviews following 8% of primary school inspections and 21% of secondary school inspections between September and December 2014. Ofsted judged almost all of these schools either to be 'inadequate' or 'requiring improvement' overall. The Department recommended 273 schools should commission a review after the release of 2014 school performance tables.

¹¹ Ofsted, *The Pupil Premium: an update*, 2014

2.31 The Department does not routinely check the quality of Pupil Premium reviews or ensure they have been completed. However, in August 2014, the Department did a one-off investigation. It found that many schools thought the review helpful, but that their quality varied. In just 37% of cases had the review been carried out by an approved Pupil Premium reviewer in the way the Department had envisaged. In response, the Department has improved guidance to schools and reviewers but has taken no further action. The Department does not use Pupil Premium reviews to understand how effectively schools are using the Pupil Premium.

System leaders

2.32 The Department has identified school leaders with a recent track record of raising the achievement of disadvantaged pupils to be Pupil Premium reviewers. In our survey, of the 10% of schools that reported using them, 91% found their input useful. Until recently there has been a shortage of reviewers. As at February 2015, there were just 214 Pupil Premium reviewers serving more than 20,000 schools, with just 7 in the South-West of England. The Department has since accredited a further 312 reviewers (including 27 in the South West) but has identified that gaps still remain, where it is focusing further effort.

Part Three

Impact

3.1 This part of the report examines the changing attainment gap nationally, locally and at school level. It also considers other possible impacts of the Pupil Premium.

Performance

3.2 According to the Department for Education's (the Department) data, the performance of disadvantaged and other pupils has changed since 2011 (**Figure 10** on pages 37 and 38). Changes affecting both groups are likely to be caused mainly by changing exam standards or other Department policies. To assess the Pupil Premium, and reduce the effect of the inconsistency between years, we, like the Department, focus on the attainment gap between disadvantaged and other pupils.

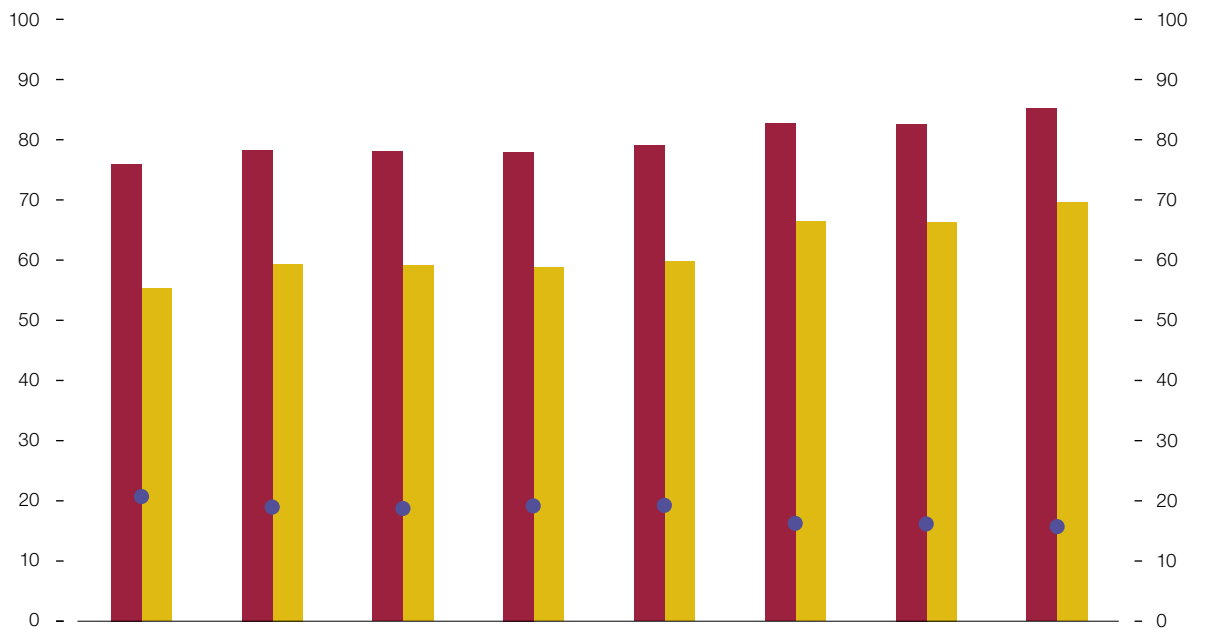
Figure 10
Pupil attainment since 2007

Pupil attainment has tended to increase while the attainment gap has reduced slightly

Primary

Pupils achieving level 4 or above in reading and maths (%)

Size of attainment gap in percentage points



■ All other pupils	76.0	78.0	78.0	78.0	79.0	82.7	82.6	85.2
■ Pupils eligible for free school meals	55.0	59.0	59.0	58.8	59.7	66.4	66.3	69.5
● Gap	21.0	19.0	19.0	19.2	19.3	16.3	16.3	15.7

Figure 10 *continued*
Pupil attainment since 2007



Notes

- 1 To allow a longer time series, graphs show the attainment of pupils eligible for free school meals. They comprise the majority of, but not all, Pupil Premium recipients.
- 2 The primary schools graph includes reading and maths. Writing has been excluded because assessments are not comparable over the time period.

Source: Department for Education's attainment data 2007 to 2014

3.3 The Department's objective is to improve significantly the attainment of disadvantaged pupils and significantly close the attainment gap in primary schools by 2015 and in secondary schools by 2020 (paragraphs 1.7 and 1.8). The Department has not yet defined what it would regard as significant levels of improvement.

3.4 Official data comparing the performance of all pupils eligible for the Pupil Premium and others show that the attainment gap has narrowed slowly (**Figure 11**), although at an uneven rate since 2011. While this is encouraging, it will take longer to determine the Pupil Premium's impact at the national level.

- Primary performance is measured using key stage 2 tests at age 11. The attainment gap, measured in proportions of pupils achieving expected levels in reading and maths, has reduced from 18.4 percentage points in 2011 to 13.7 percentage points in 2014.
- Secondary performance is measured using GCSE exams at age 16. The attainment gap, measured in proportions of pupils achieving at least five A*-C GCSEs including English and Maths, has reduced from 29.0 percentage points in 2011 to 26.9 percentage points in 2013. It rose slightly to 27.4 percentage points in 2014 when exam reforms also caused pass rates for all pupils to drop.

3.5 The Department's national performance indicators are not consistent between years because of changing exam standards and do not capture all pupils' attainment because they focus on those who attain certain thresholds of performance, meaning large improvements by pupils who continue to miss targets do not register. Recognising these deficiencies, the Department is developing an alternative 'gap index' indicator based on a ranking of all pupils' performance at key stage 2 and GCSE. These are designed to be comparable over time and more informative about progress in closing gaps.

Figure 11

Official changes in the attainment gap between 2011 and 2014

	Primary pupils achieving level 4 or above in reading and maths		Secondary pupils achieving five or more GCSEs at A*-C grades including English and Maths	
	2011	2014	2011	2014
Pupils eligible for Pupil Premium (%)	62.2	73.0	36.1	36.5
All other pupils (%)	80.6	86.7	65.1	64.0
Gap (percentage points)	18.4	13.7	29.0	27.4

Notes

1 The size of gap shown here – the official attainment gap – is different to that in Figure 10, which only examines pupils eligible for Free School Meals to allow a longer comparison.

2 Figures may not reconcile due to rounding.

Source: Department for Education's attainment data

3.6 While the alternative indicators are still under development, they too suggest that the attainment gap has slowly been closing in core subjects (English and maths). Between 2011 and 2014, the attainment gap reduced by about 5.5% in primary schools and 8.0% in secondary schools.

3.7 No clear trend has yet been established using any measure. To date, the attainment gap reduced most between 2011 and 2012, with smaller changes since. Nevertheless, the Department expects the attainment gap to close at an increasing rate up to 2023 – the year when eligible pupils will have been funded for their entire education.

Local variation

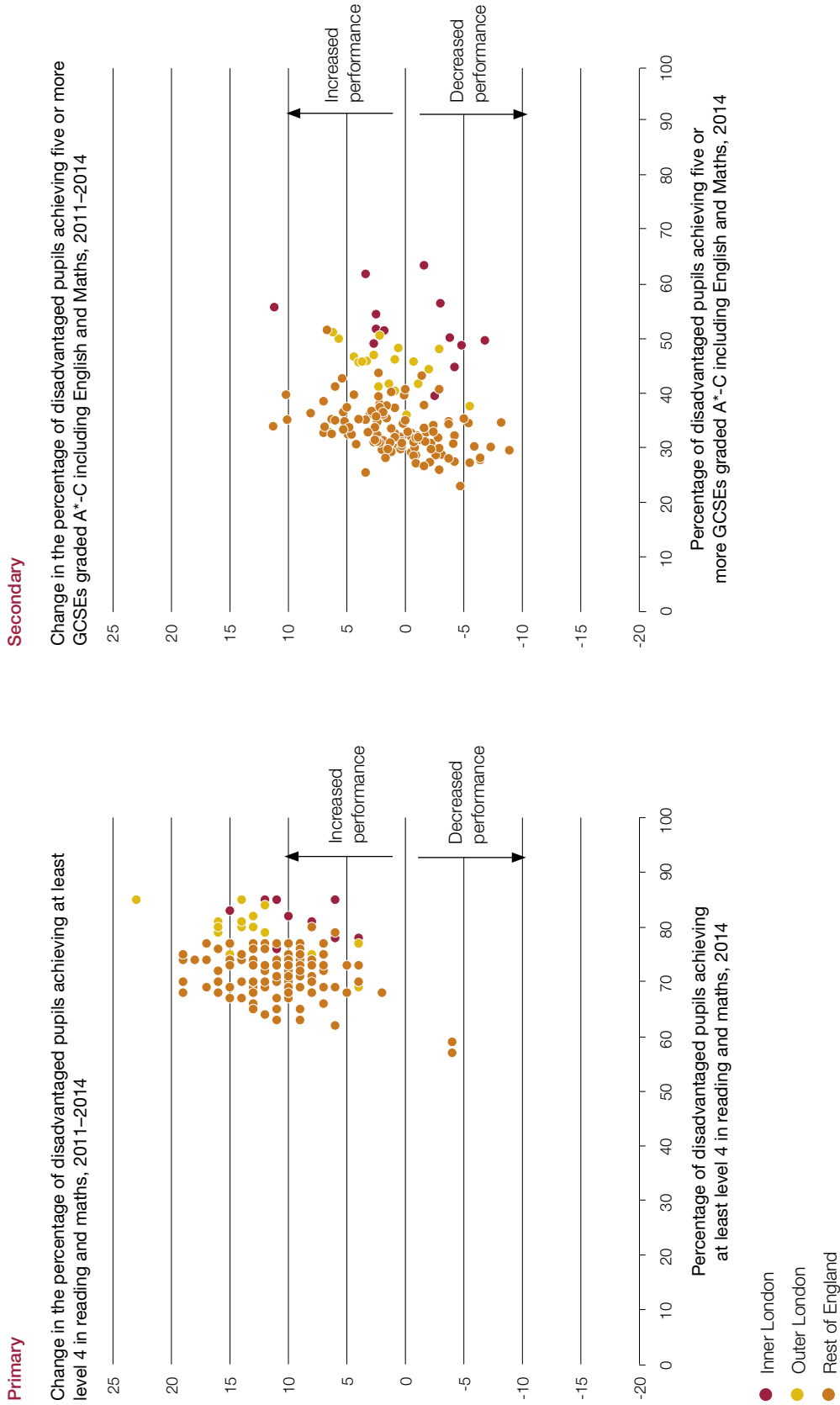
3.8 While changes in the performance of disadvantaged pupils between 2011 and 2014 vary throughout the country, disadvantaged pupils in London continue to do better than those elsewhere (**Figure 12**). The reasons for this are not fully understood but the following are potentially relevant factors:¹²

- a** London schools have disproportionately benefited from certain programmes:
 - **Sponsored academies**, a programme designed to transform poorly performing schools.
 - **Teach First**, which puts strong graduates into disadvantaged schools.
 - **London and City Challenges**, an area approach to addressing underperformance.
 - **National Strategies**, an approach to improving literacy and numeracy in primary schools, mainly piloted in London local authorities.
- b** The demographic characteristics of disadvantaged pupils in London are different from those elsewhere in the country.
- c** London local authorities get more funding per pupil.

¹² Social Mobility and Child Poverty Commission, *Lessons from London schools for attainment gaps and social mobility*, 2014.

Figure 12
Performance of disadvantaged pupils by local authority

Disadvantaged pupils achieve particularly highly in London. The change in disadvantaged pupils' attainment between 2011 and 2014 varies throughout the country



Notes

- 1 The primary schools graph includes reading and maths. Writing has been excluded because assessments are not comparable over the time period.
- 2 Disadvantaged pupils are those eligible for the Pupil Premium.

Source: Department for Education's attainment data, 2011 to 2014

School-level variation

3.9 There can be no doubt that the Pupil Premium has greatly increased many school leaders' focus on disadvantaged pupils and improved the quality of the support that many provide. Before the Pupil Premium, 57% of school leaders targeted support at disadvantaged pupils compared with 94% in 2015. In July 2014, Ofsted reported that, overall, school leaders are spending Pupil Premium funding more effectively and that there are encouraging signs that this is improving outcomes. While the national attainment gap is narrowing only slowly, the gap is likely to have been closing more quickly in some schools while still widening in others. In a tenth of primary schools, fewer than 50% of disadvantaged pupils achieved expected standards, averaged over the three years to 2014. In a tenth of secondary schools, fewer than 25% of disadvantaged pupils achieved expected standards over the same period (**Figure 13**). Combined with the information in Part Two of this report about the mixed take-up of cost-effective interventions, this suggests that the Department and other stakeholders may have significant scope to improve national performance by focusing on those schools where disadvantaged pupils' performance is currently weakest.

Other impacts

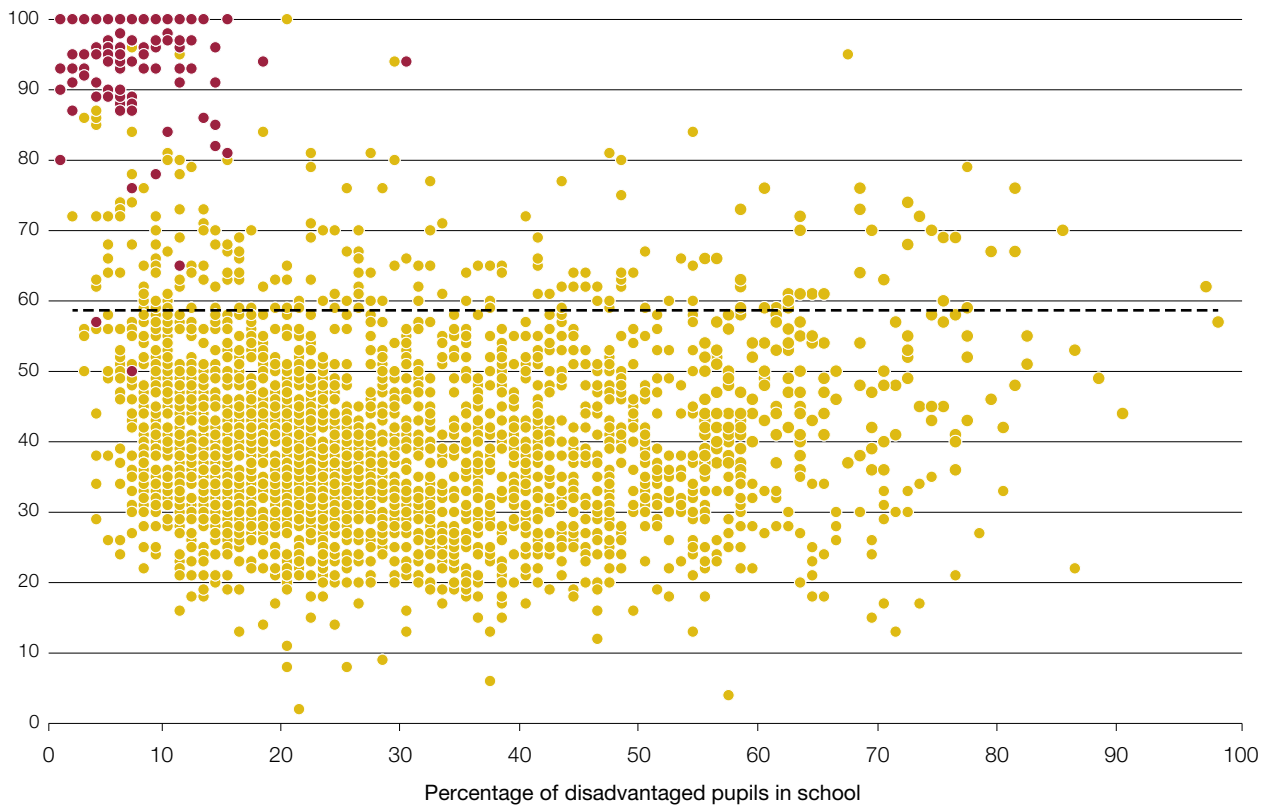
3.10 Most school leaders (60%) believe that the Pupil Premium has improved the support they offer to disadvantaged pupils and 30% think it has greatly improved. School leaders believe that the Pupil Premium has had a positive effect on attainment, with 85% saying they have seen some improvement. However, school leaders also attribute other important impacts to the Pupil Premium (**Figure 14** on page 44). These include improved confidence, pupil attendance, pupil behaviour and parental engagement, all of which may lead to subsequent improvements in attainment or be beneficial in themselves. The Department does not capture all of these benefits, but doing so could give a more complete picture of the impact of the Pupil Premium.

3.11 The Pupil Premium has had little effect on encouraging the best schools to admit more disadvantaged pupils. Primary schools Ofsted judged to be outstanding in 2011 had a slightly smaller proportion of disadvantaged pupils in 2014 (10.8%) than in 2011 (12.0%). Just 2.6% of pupils in selective secondary schools were disadvantaged in 2014 compared with 2.4% in 2011.

Figure 13
Performance of disadvantaged pupils at GCSE by school

While disadvantaged pupils in some schools achieve highly, those in other schools perform very poorly

Pupils achieving 5A*-C GCSEs including English and Maths (%)



- National average, of all pupils' attainment
- Disadvantaged pupils' attainment in selective schools
- Disadvantaged pupils' attainment in non-selective school

Notes

- 1 Performance is averaged over 3 years to provide a robust measure of relative performance.
- 2 Disadvantaged pupils are those eligible for the Pupil Premium.

Source: Department for Education's school performance tables, 2014

Figure 14
Impacts of the Pupil Premium reported by school leaders

Schools attribute attainment and other impacts to the Pupil Premium

Reported impacts

Exclusions



Destinations of pupils



Pupil behaviour



Parents' engagement



Pupil attendance



Pupil confidence



Pupil attainment



0 10 20 30 40 50 60 70 80 90 100
Proportion of school leaders (%)

- Improved or greatly approved
- Stayed the same
- Worsened or greatly worsened
- Don't know/not applicable

Source: National Audit Office survey of 543 school leaders

Taking the Pupil Premium forward

3.12 It is not yet possible to determine whether the Pupil Premium will meet its objectives. This is expected to take some more years. However, evidence from a wide range of sources, including new evidence in this report, suggests that schools are actively trying to improve their support for disadvantaged pupils, motivated in part by the Pupil Premium.

3.13 The Conservative party manifesto published in April 2015 committed to protect the Pupil Premium at current rates. To achieve its long-term goal of a highly educated society with equal opportunity, regardless of background, the Department needs to continue learning from its policy. It will continue to face broad choices about:

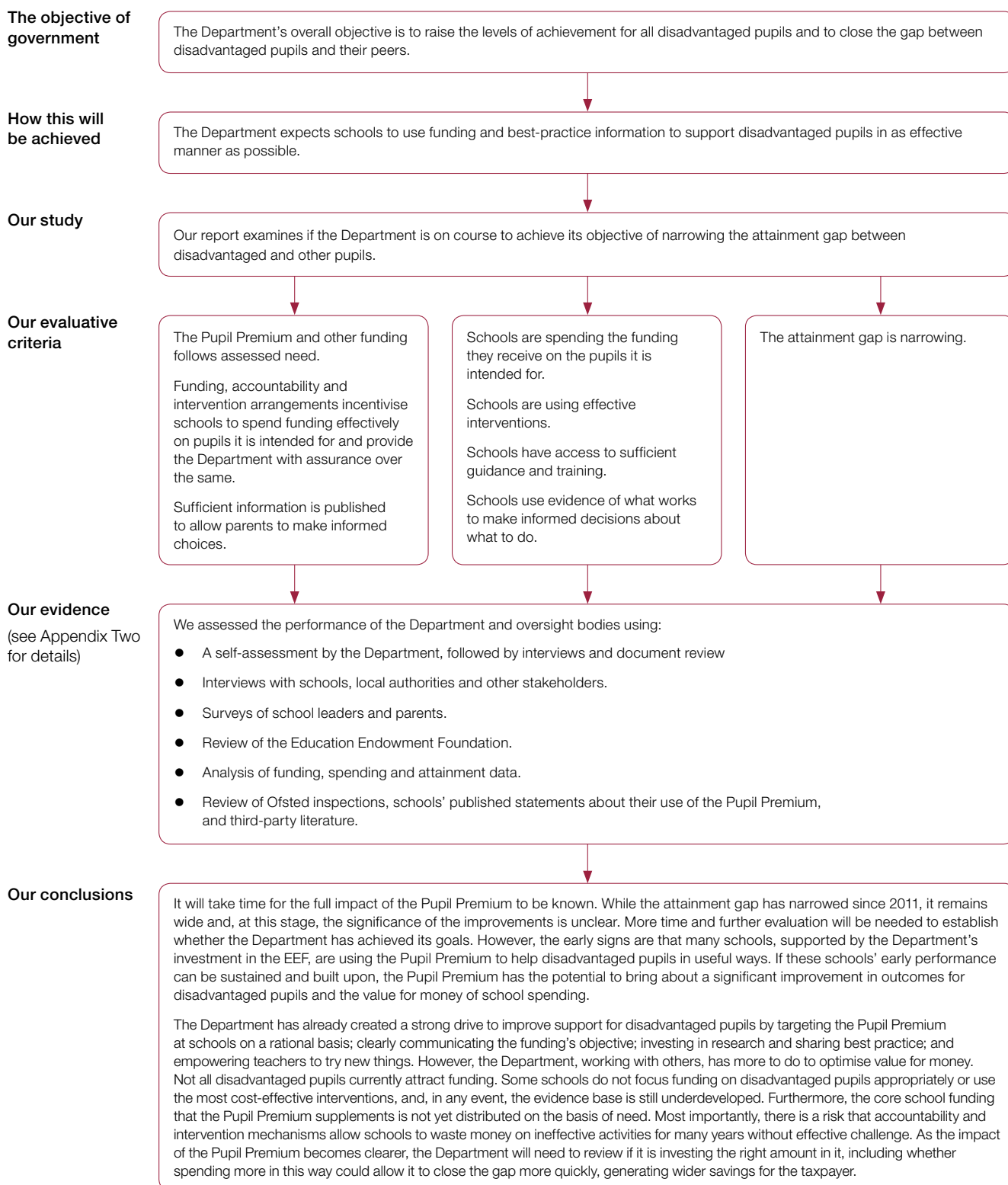
- the right amount of funding to target on the basis of disadvantage and therefore to redistribute away from more affluent schools;
- the extent to which it may be useful to direct schools towards certain interventions, as the evidence improves;
- how to attract good teachers and leaders to schools that need them most;
- how to value the full benefits of the funding; and
- whether and how to mitigate wider problems in disadvantaged pupils' lives.

Appendix One

Our audit approach

- 1 This report examines:
 - whether the Department for Education (the Department) has created an effective system to narrow the attainment gap between disadvantaged and other pupils;
 - whether schools use funding and best practice to support disadvantaged pupils effectively; and
 - whether school performance data suggest the attainment gap between disadvantaged and other pupils is narrowing.
- 2 We used an analytical framework with evaluative criteria to compare the Department's approach to narrowing the attainment gap between disadvantaged and other pupils with best practice. By 'best' we mean the most desirable possible, while acknowledging expressed or implied restrictions or constraints. A constraint is, for example, the current early stage of the Pupil Premium policy.
- 3 Our audit approach is summarised in **Figure 15**. Our evidence base is described in Appendix Two.

Figure 15
Our audit approach



Appendix Two

Our evidence base

1 We reached our conclusion on value for money after analysing evidence we collected between December 2014 and April 2015.

2 We used an analytical framework with evaluative criteria to compare the Department for Education's (the Department) approach to narrow the attainment gap between disadvantaged and other pupils with best practice. By 'best' we mean the most desirable possible, while acknowledging expressed or implied restrictions or constraints. A constraint is, for example, the current early stage of the Pupil Premium policy. Our audit approach is outlined in Appendix One.

3 We examined the system created by the Department to narrow the attainment gap:

- We **carried out a literature review** to understand research to date that assesses the success of government's response to the attainment gap.
- We **interviewed Department officials and reviewed the Department's documentation** to understand how it oversees the programme and distributes funding for disadvantaged pupils.
- We **conducted semi-structured interviews with six local authorities** to understand how funding for disadvantaged pupils is distributed locally.
- We **surveyed 543 school leaders in schools across England and visited 15 schools** to establish how the Pupil Premium affected their funding, and their experiences of accountability and best-practice information provided by the Department.
- We **analysed funding information** to assess how the Pupil Premium has affected schools' budgets. 2014-15 financial information has not yet been audited.

4 We considered how schools were using funding and best practice to support disadvantaged pupils effectively:

- We **surveyed 543 school leaders in schools across England and visited 15 schools** to establish which pupils they support with the Pupil Premium and what methods they use to do so. We compared the methods reported against best-practice research provided by the Education Endowment Foundation.
- We **reviewed 1,679 Ofsted inspection reports published between September and December 2014** to understand how well governors were holding schools to account for their use of the Pupil Premium and to gain insights into the quality of schools' support for disadvantaged pupils.
- We **checked a sample of 465 Pupil Premium Statements produced by schools** to evaluate their compliance with the Department's transparency requirements.
- We **interviewed Department officials and reviewed the Department's documentation** to understand how it holds schools accountable for their use of funding, supports best practice, and intervenes when it has identified poor performance.
- We **assessed the quality of the Education Endowment Foundation's research** evidence by considering the peer reviews it has commissioned for each project.

5 We assessed whether the attainment gap between disadvantaged and other pupils was narrowing:

- We **analysed school performance data and national statistics** to identify if the attainment gap, as defined by the Department, was narrowing nationally and locally.
- We **surveyed 543 school leaders in schools across England** to explore whether the Pupil Premium was having any impact other than attainment on pupils.

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