

2013/38

23 May 2013

## Pocket Watch – Should school funding be protected?

### Introduction

Should school funding remain protected? It's a question that's been hovering over the current discussions about the 2015/16 spending decisions due to be announced in a few weeks time. This week, the think tank **Reform**, added its thoughts by arguing that "*continuing to ring-fence the schools budget is unjustifiable.*" Its central argument is that more money doesn't necessarily equal better results, it's not the amount of money but how it's used that really matters. The relationship between funding and results has been argued for some time, even before the current austerity programme hit home and was highlighted in a **Report** from Deloitte late last year, which concluded that "*raising funding levels may only have a marginal impact in improving results, unless this funding is directly targeted at those interventions that have a positive impact.*" Many will argue that education should not be measured purely by defined results, it's the long-term, less quantifiable benefits that really count but for the moment the value for money question looks likely to cast a long shadow over school funding deliberations

### Context

Currently three Dept areas have ring fenced budgets: schools, health and overseas aid and despite the fact that Chancellor confirmed in his 2012 Autumn Statement that he's looking to see such protections maintained for 2015/16, each has come under pressure. The current DfE budget for schools is around £53bn but Reform argue that spending on primary and secondary education increased significantly over the last decade, while many schools also benefit from the pupil premium, worth £1.87bn for 2013/14 and an area Michael Gove is equally keen to protect. The argument against ring fencing school funding is essentially twofold. First, that more money doesn't equate to better outcomes, the Reform case see below, and second that if you protect some budgets, others will inevitably suffer. The think tank IPPR for instance has calculated that removing the ring fencing from the three budgets indicated would reduce the cuts facing a Dept like BIS from £930m to £370m, some difference

### The Reform argument

There are four elements to the Reform case

First, and perhaps most contentiously, that "*there is no correlation at all between spending and outcomes.*" Like Deloitte, Reform used 2010/11 performance evidence to base their case but using more extensive datasets covering 99% of all primary schools and 80% of secondary schools. Once a number of variables had been factored in, they reached a similar conclusion that funding should be less on inputs and more on what can help deliver quality outcomes, largely teacher quality. Second, and following on, ring fencing can actually have a detrimental effect on school management because it releases managers from having to make important individual decisions about how best to deploy resources. Third, and perhaps partly why the DfE has just completed an efficiency review for schools, there are a number of new funding pressures bearing down on schools, the primary bulge, reduced capital budgets, performance related pay and so on which schools now need to manage and fourth, arguably any extra funding might be better spent on pre-school and family support. All of which leads Reform to argue that if other Depts are facing an 18% cut up to 2017/18, then so should schools



**Steve Besley**

Head of Policy (UK and International)  
Pearson Think Tank

Pocket Watches are intended to provide quick, informal updates on national developments. Information is correct at the time of writing and is offered in good faith. No liability is accepted for decisions made on the basis of information given.

**Protecting School Funding May 2013**