



National Audit Office



REPORT

Improving educational outcomes for disadvantaged children

Department for Education

SESSION 2024-25
HC 125

Key facts

2.1mn

children (27%) in state-funded schools in England who are disadvantaged, 2023-24

25%

of disadvantaged pupils achieved grade 5 or above in English and maths GCSEs in 2022/23, compared with 52% for those not known to be disadvantaged

£9.2bn

estimated Department for Education (DfE) funding to support the attainment of disadvantaged children in 2023-24

- >90%** proportion of their estimated £9.2 billion disadvantage-related funding that schools and early years providers can freely choose how to spend
- 10%** real-terms increase in disadvantage- and deprivation-related funding allocated to schools through the national funding formula between its introduction in 2018-19 and 2023-24
- 7%** increase in number of children eligible for pupil premium between 2018-19 and 2023-24
- 3%** real-terms decrease in total pupil premium funding to schools from 2018-19 to 2023-24
- £388** maximum early years pupil premium for a 3- or 4-year-old child for 2024-25, compared with pupil premium rates of £1,480 for primary school children and £1,050 for secondary school children
- 11%** the absence rate in 2022/23 for pupils registered for free school meals, compared with 6% for pupils who were not registered

Throughout this report, central government financial years are written as, for example, '2023-24' and run from 1 April to 31 March; school academic years are written '2023/24' and run from 1 September to 31 August.

Summary

1 The Department for Education (DfE) has overall responsibility for the school system and early years settings, ensuring value for money from the £60 billion spent by bodies within this system. This includes 21,600 state-funded schools in England, which in 2023-24 educated 7.7 million pupils from reception upwards, and an estimated 58,000 early years providers, which include state-funded schools, voluntary and private providers, and childminders.

2 Within schools, DfE considers children as disadvantaged if they have been registered for free school meals in the past six years or are currently, or have previously been, looked after by the local authority. In 2023-24, DfE identified 2.1 million children in state-funded schools (27%) as disadvantaged. Within early years settings, DfE uses a broader definition for some of its disadvantage-related support than in schools. As at January 2023, of the 924,000 2- to 4-year-olds who had benefited from government-funded early years entitlements, 239,000 (26%) were disadvantaged. On average, children from a disadvantaged background are less likely to perform well at school compared with their peers, impacting their future life chances. Alongside their education, wide-ranging factors beyond DfE's control also impact their attainment such as their home environment and their physical and mental wellbeing. DfE has a strategic priority to improve the attainment of disadvantaged children.

3 DfE has introduced a range of interventions, alongside its funding to support all children, specifically to improve the attainment of disadvantaged children. These include the pupil premium, which DfE describes as its flagship policy; certain local areas receiving additional funding; and six interventions introduced within two years of schools closing because of COVID-19. To measure its progress, DfE uses the disadvantage attainment gap index, which compares the attainment of disadvantaged pupils against their peers for key stage 2 and key stage 4. DfE does not bring together how much it spends to support the attainment of disadvantaged children. We estimate this amounted to around £9.2 billion in 2023-24, half of which is through disadvantage elements of its core funding and half through more targeted interventions. Schools and early years settings have different levels of discretion on how they spend the funding available, with the majority of this not having to be spent specifically on improving the attainment of disadvantaged children.

4 This report examines whether DfE is achieving value for money through its funding to support the attainment of disadvantaged children in educational settings in England, from early years to the end of key stage 4 (the end of compulsory schooling). The report:

- describes the early years and school system, DfE's approach to supporting disadvantaged children and its progress against its objectives (Part One);
- assesses how DfE understands the attainment of children and how it evaluates what works to effectively allocate resources (Part Two); and
- evaluates the accountability arrangements and support DfE provides schools and early years providers to ensure value for money (Part Three).

5 Appendix One outlines our approach to this work. We recognise there are various ways to define disadvantage – in this report we focus on children falling within DfE's definitions across:

- early years foundation stage (birth to age 5), which includes the reception year of primary school;
- primary school, covering key stage 1 (school years 1 and 2) and key stage 2 (school years 3 to 6); and
- secondary school, covering key stage 3 (school years 7 to 9) and key stage 4 (school years 10 and 11).

Key findings

DfE's objectives and approach

6 Before the pandemic the educational attainment of disadvantaged children, as with all children, had improved but the picture since is less clear.

Data prior to the COVID-19 pandemic show improvements in attainment at key stages 2 and 4 for both disadvantaged and non-disadvantaged children. Subsequent changes to measures, and the extent to which data can be broken down, make it hard to draw comparisons over time. When comparing internationally, in 2022, 15-year-olds in England performed significantly better compared with the Organisation for Economic Co-operation and Development countries' average (paragraphs 1.8 and 1.9).

7 DfE has a strategic priority to reduce the attainment gap between disadvantaged children and their peers, but for children leaving school the gap is wider than it was a decade ago. In England, disadvantaged children reach, on average, a lower level of attainment than their peers in English- and maths-related subjects. DfE has a strategic priority to support disadvantaged children and reduce the attainment gap, set out in its priority outcomes and 2022 Schools White Paper. Although DfE made progress narrowing the attainment gap from 2010/11, progress had begun to stall by 2018/19. During the COVID-19 pandemic the gap widened. For key stage 2 this gap is wider than it was in 2012/13, although this narrowed slightly between 2021/22 and 2022/23. For key stage 4 it is now wider than in 2011/12. DfE has assessed not addressing disparities in educational attainment as high risk (paragraphs 1.8 and 1.11 to 1.13, and Figures 3 and 4).

8 Responsibility for supporting disadvantaged children's attainment is spread across DfE, without a robust whole-system perspective. DfE has chosen to spread responsibility for supporting disadvantaged children across the department. This can help different teams embed this as part of their work but makes it harder to identify gaps, overlaps or trade-offs. A departmental Performance and Risk Committee helps facilitate a joined-up view of performance and risks. Although DfE has reducing the disadvantage attainment gap as a strategic priority, it does not have a strategy, theory of change, or monitoring to understand how much it spends on interventions; how interventions align; or schools' and early years providers' capacity to do more. As a result, there is no clear rationale for how DfE splits funding between, for example, early years and schools. It also makes it difficult for DfE to prioritise and present a clear case for wider interventions across government (paragraphs 1.14, 1.15 and 1.20, and Figure 5).

9 DfE cannot achieve its objective without working more effectively with others, but this is challenging without government having a shared aim. Factors outside school, such as the home learning environment, housing, socio-economic deprivation, and health and wellbeing, can impact a child's attainment. DfE recognises it can influence some of these factors, for example, home learning but has more limited influence on others such as socio-economic deprivation. Although DfE works across government, including through the Vulnerable Children and Families Strategy Board which brings together relevant bodies, it recognises it can do more, including to build common and complementary objectives (paragraphs 1.7 and 1.18 to 1.20, and Figure 2).

10 DfE has several different measures to assess the attainment of disadvantaged children, but there are weaknesses in its approach. DfE's main measure for assessing progress, the disadvantage attainment gap index, compares national performance over time. However, it does not allow DfE to fully understand how attainment changes as this is assessed differently in the earlier education stages. DfE's measures focus on academic attainment, which is critically important in ensuring children develop the skills they need. However, it has more limited analysis on wider outcomes for disadvantaged children and does not routinely bring together its measures. This makes it harder to understand and monitor the wider positive outcomes from its interventions (paragraphs 1.8, 1.10, 2.2, 2.4 and 2.7, and Figure 7).

Understanding effectiveness and allocating funding

11 DfE cannot assess whether it is making the required progress reducing the attainment gap or where further action may be needed. DfE has committed to reducing the gap but has not set out the progress it wants to achieve, and by when. DfE has undertaken some modelling of likely attainment changes (paragraph 2.6).

12 DfE has limited evidence on how well almost half of its £9.2 billion estimated spend supports the attainment of disadvantaged children, which impacts its ability to make well-informed decisions. DfE has some impact evidence for several interventions, which can help schools consider a 'menu' of evidence-based approaches when spending their pupil premium, and for childcare entitlements for disadvantaged 2-year-olds. However, it recognises that it has limited evidence behind the disadvantage and deprivation elements of the national funding formula, which comprises almost half of its spend on supporting disadvantaged children's attainment. Although DfE has no evaluation strategy to address gaps in its understanding, it told us it plans to further develop its evidence base for some interventions and has commissioned longitudinal studies to assess the impact of educational recovery reforms (paragraphs 2.8 to 2.10 and 3.6, and Figure 8).

13 DfE cannot explain why it increased disadvantage- and deprivation-related funding through the national funding formula and not, for example, pupil premium. DfE considers there to be better evidence of pupil premium effectively supporting disadvantaged children, than for funding provided through the national funding formula, which includes specific disadvantage and area deprivation elements. In 2023-24, DfE included £4.1 billion of disadvantage- and deprivation-related funding as part of the national funding formula, representing a 10% real-terms increase since the formula's introduction in 2018-19. In the same year, it spent £2.8 billion on pupil premium, a 3% reduction in real-terms total spending from 2018-19 with the per-pupil funding for children registered for free school meals falling by 9% alongside increases in the number of children eligible (paragraphs 2.11 to 2.15 and Figures 8 to 10).

14 Early years provision can support the attainment of disadvantaged children, but DfE spends comparatively less on pupil premium for early years than for schools.

From the age of three, there is a gap in cognitive outcomes between disadvantaged children and their peers, with research showing the value of early years provision. As with school-aged children, DfE provides a range of interventions to support younger disadvantaged children. However, it provides significantly lower levels of funding through early years pupil premium and has not done any analysis to explain these funding differences. For 2024-25, the maximum early years pupil premium annual rate per pupil is £388, compared with £1,480 for primary schools and £1,050 for secondary schools. DfE recognises that expanding childcare entitlements for working parents risks widening the disadvantage attainment gap¹ (paragraphs 2.16 and 2.17, and Figures 10 and 11).

15 DfE has strong evidence for the value of tutoring but has stopped providing specific funding, instead relying on schools deciding to fund it themselves from 2024/25. DfE launched the National Tutoring Programme, which focused on disadvantaged children, as one of its main COVID-19 interventions to recover lost learning. It intended the programme to last four years and progressively reduced the level of funding, which ends in 2023/24. DfE considers there to be strong evidence behind the effectiveness of tutoring and, from 2024/25, expects schools to fund tutoring through their core or pupil premium funding. However, this will be a choice for schools, which face wider budget pressures. In 2023, DfE published a survey of school leaders showing that 27% of those sampled said they would not continue to provide tutoring, with a further 48% saying they were unsure. DfE assesses the risk that schools do not fund tutoring themselves as red/amber, widening the disadvantage attainment gap (paragraphs 3.11 to 3.13 and Figure 8).

Support for schools

16 DfE gives providers flexibility to use their funding for disadvantaged children according to local circumstances, while providing support on how to do so.

DfE told us that it is moving towards providers having greater autonomy to decide how to spend funding, given their understanding of local context. Schools and early years providers have discretion over how to spend the majority of the £9.2 billion estimated annual spend focused on disadvantaged children. DfE has not ringfenced funding for the area deprivation and disadvantage proportion of schools' core funding, or the schools or early years pupil premiums, which together totalled £6.9 billion in 2023-24. This means that schools can choose to spend this money on wider priorities, which may include teacher pay. Over the past three years, DfE has provided schools with more guidance on how to use pupil premium. It now puts a greater focus on evidence-based approaches and signposts the work of the Education Endowment Foundation (EEF), one of government's designated What Works Centres. School leaders responding to a 2023 survey said that they found DfE's and EEF's guidance helpful (paragraphs 1.21, 3.2, 3.3 and 3.6, and Figure 15).

¹ Comptroller and Auditor General, *Preparations to extend early years entitlements for working parents in England*, Session 2023-24, HC 701, National Audit Office, April 2024.

17 DfE does not have a good understanding of how schools spend disadvantage-related funding and there are weaknesses in how schools are held to account for their spending. DfE's accountability arrangements vary across its interventions. It told us that, for its general funding, it uses factors such as exam results to assess outcomes but has more assurance over ringfenced funding. Stakeholders we engaged with as part of this study expressed support for pupil premium, outlining what they felt to be a proportionate balance between accountability and the ability for local decision-making to meet a clearly defined aim. However, DfE does not have a systematic way to understand how schools spend this funding and therefore what works. It relies on Ofsted, alongside local accountability mechanisms such as scrutiny by school governors. DfE has sought to encourage parents to hold schools to account for how they spend pupil premium funding, requiring all schools to publish an up-to-date statement on how they plan to use this. However, only 80% of schools sampled by DfE in 2023 had published a 2022-23 pupil premium statement, and DfE does not know to what extent, or how, parents, including those of disadvantaged children, use this and wider performance data (paragraphs 3.2, 3.3 and 3.6 to 3.8, and Figure 12).

18 DfE has a breadth of evidence on the importance of teaching quality in improving educational attainment, particularly for those who are disadvantaged, but recruitment and retention challenges persist. DfE has evidence showing that high-quality teaching is effective in improving pupil attainment, particularly for disadvantaged pupils. However, schools in deprived areas are more likely to have teachers without a degree in their main subject, which can impact pupils' progress. DfE considers recruiting and retaining enough high-quality teachers as a major risk. It has introduced significant reforms to teacher training and recruitment alongside interventions to address teaching quality, including additional payments to some subject teachers for schools in deprived areas, although it cannot precisely assess uptake among eligible teachers because of limitations in its data (paragraphs 3.15 to 3.17).

19 Disadvantaged children's absence from school has increased significantly, with DfE developing a response while continuing to build its understanding of what works. Since COVID-19, school attendance has become a significant challenge, which DfE rates as a major issue in its departmental risk register. Disadvantaged children are more likely to be absent from school than their peers, and more than four times more likely to be permanently excluded. DfE is working to improve attendance in different ways, such as setting up pupil mentoring and a national communications campaign. However, EEF has assessed the evidence base for what works to improve attendance as weak. It, alongside DfE, is taking steps to develop its evidence by, for example, evaluating an attendance pilot DfE is running in Middlesbrough (paragraphs 3.18 to 3.21).

Conclusion

20 DfE has a strategic priority to improve the attainment of disadvantaged children, improving their future life chances. Each year, DfE spends around £60 billion to support all children across schools and early years settings. For 2023-24, this included an estimated £9.2 billion focused on supporting disadvantaged children and narrowing the attainment gap between them and their peers, with half of this comprising disadvantage elements of its core funding for schools. Despite this investment, disadvantaged children performed less well than their peers across all areas and school phases in 2022/23. The gap in children's attainment had been narrowing before the COVID-19 pandemic, which then had a detrimental impact. The gap continues to widen for key stage 4, which is when children leave school, and, while the attainment gap for those finishing primary school narrowed slightly in the past year, it remains wider than it was a decade ago.

21 DfE has evidence to support some of its interventions and uses this to help schools and early years providers to make decisions. However, it does not yet understand the outcomes resulting from a significant proportion of its expenditure on disadvantaged children. It also does not have a fully integrated view of its interventions, or milestones to assess progress and when more may need to be done. This, and the lack of sustained progress reducing the disadvantage attainment gap since 2010/11, means that DfE cannot demonstrate it is achieving value for money. To make progress, and secure value for money, it should build more evidence of what works, look strategically across its interventions and how it allocates its funding, and work effectively across government to address the wider factors to make progress on this complex issue.

Recommendations

22 To build on its efforts supporting the attainment of disadvantaged children, and in response to previous National Audit Office recommendations (Appendix Two), we recommend that DfE should take a clearer whole-system approach by:

- a** more clearly setting out how the range of its interventions come together, to help: understand how they individually and collectively support the attainment of disadvantaged children; ensure that objectives are aligned; and recognise and manage any gaps and trade-offs;
- b** using this work, alongside evidence of what works, to inform clear, evidence-based decisions on how it distributes, and increases or decreases, funding; as part of this, it should compare the value of certain interventions, such as investing more in early years compared with schools; and
- c** setting out how it will more effectively engage with wider government to help develop a shared vision, robust joint risk assessment, clear responsibilities, and an understanding of how respective departmental priorities could be better integrated.

- 23** To effectively oversee its interventions DfE should:
- d** develop its understanding of the capacity and capability of schools and early years providers to understand and deliver the range of interventions; and
 - e** monitor whether schools fund tutoring from their core funding after the planned end of the National Tutoring Programme, and then reflect on any further support it may need to provide to schools.
- 24** To better understand the impact of its approach, DfE should:
- f** set out the progress it expects to make in reducing the disadvantage attainment gap over the coming years, including what good would look like, so it can better understand where, for example, it may need to change its approach;
 - g** broaden its performance measures and monitoring to assess both its regional progress narrowing the disadvantage attainment gap and the added value from its support for disadvantaged children, to present a complete assessment of all outcomes; and
 - h** develop a research and evaluation strategy to build its evidence base to better understand how it should consider allocating funding across its various interventions.