



Spatial Economics Research Centre

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Urban schools: more money, better outcomes?

Posted by Steve Gibbons, SERC and LSE

The new school year has started, but with all the noise about [Free Schools](#) it's easy to lose sight of the bigger issue: how well pupils actually do.

Back in the spring, English schools with the poorest pupils received a small boost to their budgets through the coalition's flagship 'pupil premium' policy (£430 for each pupil registered for free school meals). It's still too early to say whether the extra money has had an effect on standards, but [new research](#) I've done with colleagues from [CEE](#) provides some grounds for optimism. It shows that urban primary schools in England that received more money performed better in subsequent years.

You might wonder why this is an interesting finding. Isn't it obvious that spending more produces better results? Look at richly-resourced private school compared to cash-strapped state schools, for example.

Surprisingly, however, [a lot of evidence](#) suggests that moderate resource disparities actually don't make much difference to children's achievement. An unlike private schools, state schools can't cherry-pick pupils. For some city schools, teaching is a lot tougher as a result. Simply injecting cash may not help.

In practice it's rare to see schools that teach similar children, but get dissimilar funding. It is, therefore, difficult to measure whether more money really makes a difference. But there are some situations in England where one school can get quite a lot more money than its neighbour: when two schools are on opposite sides of Local Authority boundaries.

Some odd geographical anomalies in the way central government pays money to Local Authorities ('Area Cost Adjustments', or ACAs) mean some councils end up with more money to spend per pupil than their neighbours. These differences filter down to neighbouring schools, even when these schools have similar pupils, and face similar teacher pay scales and prices for other resources.

These arrangements have raised a lot of local objections (for example, the Lib Dem '[Fair Deal for Haringay](#)' campaign). These objections are understandable, since our data shows that differences in the order of £1000 per pupil are not uncommon. We should question the logic and equity of these quirks in funding formulae.

Fairness aside, ACAs do provide a nice experiment for studying the local effects of investing in schools. As it turns out, children in city primary schools that received an additional £1000 per pupil per year did much better (on average) in their Key Stage 2 tests at age 11. The estimated effect is equivalent to moving 19% of students currently achieving Level 4 in Maths (the target grade) to Level 5 (the top grade) and 31% of students currently at Level 3 maths to Level 4.

We can't answer the question of how the extra money is best spent (teachers, books, computers?), and that question is probably best left to those who actually teach. But importantly, our research confirms that those running city schools can significantly raise standards - when they have additional resources to work with.

Posted by [Steve Gibbons](#) on [Friday, September 16, 2011](#)

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