

POLICY ANALYSIS

HAS LABOUR DELIVERED ON THE POLICY PRIORITIES OF 'EDUCATION, EDUCATION, EDUCATION'?

The Evidence on School Standards, Parental Choice and Staying On

- Public expenditure on education in the UK has risen substantially since 1997: it is now 5.6% of national income, which is close to the OECD average.
- There is some evidence that links expenditure with improved pupil performance, but the size and nature of the impact of resources on schools outcomes is hotly debated. Costly 'city academies', for example, are as yet unproven, but they may be the only way to help deprived inner city children.
- Attainment at school has improved in recent years. But there are concerns about the extent to which this reflects 'teaching to the test' and why, despite impressive improvements in primary school attainment in the late 1990s, this has subsequently stalled.
- There is some evidence that the National Literacy and Numeracy Strategies have successfully increased standards, especially for boys.
- There is much talk about 'choice' in education, for example, in the 2005 schools White Paper 'Higher Standards, Better Schools for All', where 'freedom for schools and power for parents' are the key themes. But parental choice is limited (and will continue to be) because state schools discriminate on the basis of residence.
- The need to reform education for 14-19 year olds is based on the view that too few young people persist in education beyond the age of 16 and they leave schools with a low grasp of basic skills.
- The Education Maintenance Allowance appears to have increased staying on rates for low income pupils.
- One reason for the high dropout rates may be the lack of good vocational options.

Introduction

The Labour Party manifesto in 1997 promised that education would be the ‘number one priority’. This analysis looks at Labour’s record on schools and gives an outline of the policy alternatives. The focus is on educational resources and outcomes; choice; standards; and participation.

Is higher public spending on education improving school outcomes?

The government has committed significantly greater resources to education and training. Expenditure on education and training as a percentage of GDP was 4.9% in 1987/88 – and was still at that level in 1997/98. By 2005/06, it had risen to 5.6%, which is close to the OECD average.

In real terms, public expenditure on education and training increased by 19% during the last two terms of the Conservative government (1987/88 to 1996/97) whereas it has increased by 36% over the first two terms of the Labour government (1996/97 to 2003/04). Over the past three years, it has increased by a further 14% (2003/04 to 2006/07).

The spending has had an effect: for example, the number of teachers (full-time equivalents) increased by 9% between 1997 and 2007. And class sizes have fallen: currently, 88% of primary pupils are taught in a class of no more than 30 pupils, compared with 72% in 1997.

But there is a long way to go before the pupil-teacher ratio in the state sector is anything like the ratio in the independent sector. Taking the state sector and the independent sector as a whole, pupil-teacher ratios are half the size in the latter (that is, on average 10 fewer pupils per class).¹ Thus, Gordon Brown’s aim to match the resources of the independent sector is extremely ambitious.

One mechanism to improve the quality of education is to improve the quality of teaching, and especially school leadership. Recent research shows that the pay of head teachers matters for their retention – there is a wage premium for being a ‘high quality’ head teacher. There is also evidence of a potential relationship between the pay of head teachers and how much effort they put in to improving school performance.²

School outcomes have shown some improvement: attainment at the end of Key Stage 2 and GCSE has increased markedly over time. In particular, there was a pronounced upward rise in the Key Stage 2 results in the years immediately following the introduction of the National Literacy and Numeracy Strategies in September 1998 (see Figure 1). In the past few years, these improvements seem to have hit a plateau.

The upward trend in attainment does not necessarily mean that the government’s policies are working. Results may improve because teachers get better at teaching what is on the test rather than imparting more ‘real’ knowledge. Even if the increases in attainment were genuine, the relationship between expenditure and performance is hard to disentangle because general school expenditure is linked to the degree of disadvantage in the school.

¹ Green, Machin, Murphy and Zhu (2007).

² Besley and Machin (2007).

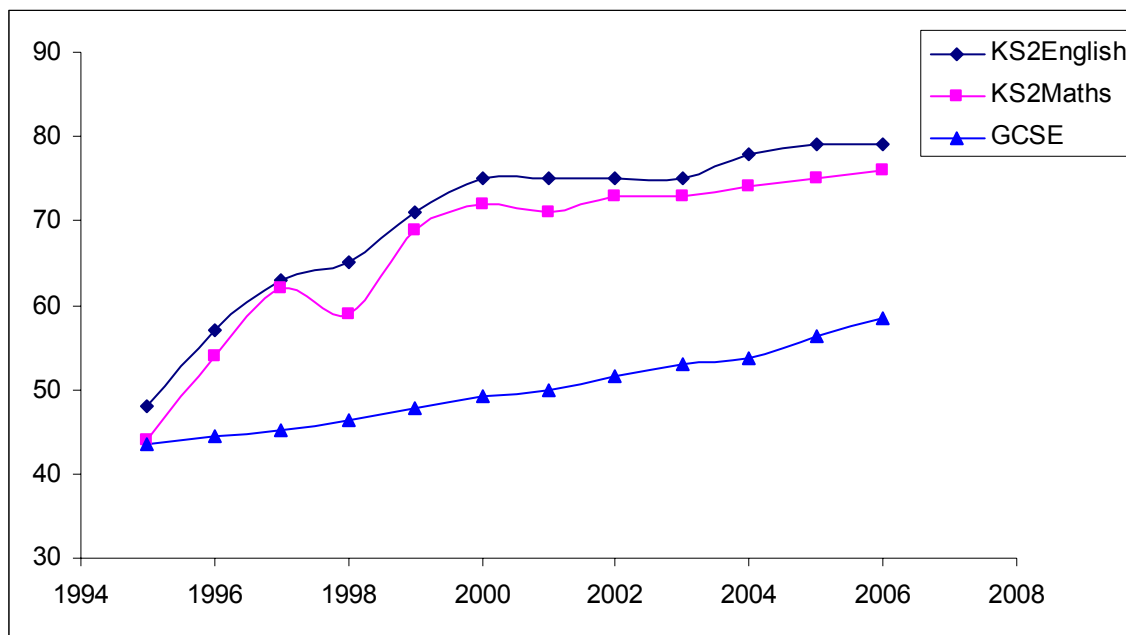
More convincing evidence comes from studies of interventions such as Excellence in Cities, a policy involving extra resources for schools in disadvantaged areas. Research shows that an extra £120 per pupil expenditure leads to an increase of 1-2% in the number of pupils achieving the target (Level 5) in Key Stage 3 Maths.³

Looking at the impact of Excellence in Cities on particular sub-groups, the effect is much more impressive. For example, it has delivered a 2.9 to 4.8 percentage point increase in the number of pupils achieving Level 5 or above in Key Stage 3 Maths for the most able pupils in schools with the highest rate of deprivation. This improvement has resulted from a 4.4 percentage point increase in per pupil expenditure in these schools.

But despite the success of such policies, the change in educational performance in the most disadvantaged local authorities remains stubbornly low.⁴ In addition to Excellence in Cities, Labour has focused resources on deprived areas through policies such as ‘city academies’. These are generally newly built (or extensively re-modelled) independent state schools fixed up with state-of-the-art equipment.

The policy involves a heavy financial outlay and the involvement of the private sector (which contributes about a fifth of the capital cost and also has a say in how the school is run). Labour policy is to create 200 academies by 2010. Although the cost is substantial, radical measures may be the only way to bolster performance among the hardest-to-reach pupils.

Figure 1: Percentage achieving target at age 11 (Key Stage 2) and age 16 (GCSE)



Source: Department for Education and Skills (The indicators for Key Stage 2 English and Maths show the percentage of students achieving Level 4 or above. The indicator for GCSE shows the percentage of students achieving five or more A*-C grades.)

³ Machin, McNally and Meghir (2007).

⁴ Machin, McNally and Rajagopalan (2005).

What are the likely effects of extending parental choice?

‘Choice’ is a buzzword in education. The idea is that greater choice will spur increased competition between schools, which will lead to improvements in efficiency. There may also be benefits from allowing schools greater autonomy to make decisions. The theoretical and empirical evidence for the efficiency effects of greater choice is mixed, but US research is mildly supportive.⁵

Recent CEP research evaluates whether primary schools in England facing more competition perform better than schools in less competitive situations and whether parents who have more choice of where to send their children actually see gains for their children in terms of academic performance.⁶

This strand of research finds little evidence of a link between choice and achievement, and only a small positive association between competition and school performance (which is not causal). Moreover, there is some evidence of a link between competition and ‘stratification’ (meaning that pupils of different abilities are less likely to be educated together).

Taken together, these findings suggest that simply offering parents a wider choice of schools and forcing schools to compete does not seem to be a remedy for poor standards in education; such a policy might also exacerbate inequalities. On the one hand, this does not sound encouraging for the policies advocated in the government’s schools White Paper⁷ and the Education and Inspections Act (2006). Yet choice and competition do seem beneficial to church primary school pupils, which may suggest that there could be more scope for improvement if greater choice is coupled with other changes in governance and admissions arrangements.

Subsequent research on the apparent performance advantage of faith secondary schools suggests that on average, the positive differential is explained by characteristics of the intake: on average students who go to faith secondary schools are better performing by the end of primary school.⁸

An important part of the choice agenda is the ‘specialist schools’ policy that was originally introduced by the Conservative government in the mid-1990s, but has since been substantially enlarged. More than two thirds of secondary schools in England now have specialist status. They focus on a particular area – such as arts, languages or sciences – and are given more money per pupil and greater capital expenditure.

The fact that specialist schools appear to outperform other schools in terms of GCSE grades may simply be because: as a condition of changing to specialist status, they have raised significant private sector funding; they have shown potential to improve; and they can select up to 10% of their students on aptitude (though most currently do not). The suspicion is that such ‘successful’ schools were already on course to make improvements in performance.

Government policy is to give parents the right to a new school where they believe their child’s current school is not good enough. It is not clear to what extent such a policy will reduce the central problem that restricts parental choice: the need to live near a good school. Currently, oversubscribed schools may discriminate on the basis of geographical catchment area. This means that parents who can afford to live near ‘good’ schools effectively have the first choice

⁵ See, for example, Hoxby (2000).

⁶ Gibbons, Machin and Silva (2006) and Gibbons and Silva (2006a).

⁷ Department for Education and Skills (2005a).

⁸ Gibbons and Silva (2006b).

in state-provided education.⁹

The schools White Paper and the Education and Inspections Act (2006) enable schools to have greater autonomy and as part of this, the government encourages schools to consider alternative types of admission policy. For example, ‘banding’ is one option, in which schools admit pupils across a range of abilities.

But such changes to admission policy would be purely voluntary. Given the incentives schools have to perform as well as possible in the performance tables, it seems doubtful that such changes will be implemented on a wide scale. On the other hand, there have been some recent examples of schools and local education authorities (LEAs) that have shown a willingness to consider changes to their admission policy.

For example, Brighton and Hove LEA has decided that in future, places in over-subscribed secondary schools will be allocated by lottery. Important research issues will be the extent to which choice is exercised (and by whom) and any unintended side effects (for example, movement to the private sector by those who can afford it).

Are standards improving?

All political parties are committed to improving standards in education in other ways than simply through choice. One key policy for Labour has been the National Literacy and Numeracy Strategies, first in primary schools, then for 11-14 year olds. Standards initially soared but then levelled off (as Figure 1 shows).

Careful evaluations of the Literacy Hour pilot schemes show that it was extremely effective in raising standards at low cost.¹⁰ This is consistent with the National Literacy Strategy having been important in raising the standards of reading and writing among primary school children.

But the drive for uniform standards (together with inspections and targets) cuts against another theme of choice, which is ‘personalised learning’. One of the ways in which this has been implemented is trying to provide a greater choice of learning styles and content for 14-16 year olds to cater for differing needs and to reduce underachievement resulting from disaffection with the academic curriculum.¹¹

14-19 year olds: how can post-compulsory participation rates be raised?

The big challenge is to reform education for the 14-19 age group. The UK has a much higher dropout rate after 16 than other countries and a large proportion of people with poor basic skills.¹² One element of the government’s strategy has been to offer cash inducements to stay on after 16 through the Education Maintenance Allowance (EMA). This policy was introduced nationally in September 2004 and involves a regular weekly payment to young people from

⁹ The strong relationship between school performance and house prices has been shown by Gibbons and Machin (2003).

¹⁰ Machin and McNally (2004).

¹¹ Steedman and Stoney (2004) review the evidence on this and conclude that more flexibility has been introduced to the 14-16 curriculum.

¹² See, for example, Hansen and Vignoles (2005) and McNally and Telhaj (2007).

disadvantaged backgrounds as an incentive to remain in post-compulsory education.

An evaluation of the EMA shows the impact of the subsidy to be substantial: an increase in participation of 4.5 percentage points among those eligible for the EMA (as compared with an education participation rate of 64.7% in the control sample).¹³ The research shows that half of these young people would have been inactive in the absence of the programme. What is less clear is how well these EMA students will do when they enter the labour market.

The government proposes an overhaul of vocational education, replacing the current system of 3,500 separate qualifications with diplomas in 14 broad areas.¹⁴ The UK has weaker vocational options in upper secondary education compared with other European countries and vocational credentials are poorly rewarded in the labour market.

A general finding in the research literature is that there are no wage returns to most low level vocational qualifications, although this changes for higher level qualifications.¹⁵ Reasons include a perception that low ability individuals pursue low-level vocational qualifications (so these qualifications are a negative signal to employers) and lack of knowledge as to what is really learned in many vocational courses.

It remains to be seen whether another reform to the system will increase the status of vocational qualifications both with students and employers. This should also serve as a cautionary note to the potential effects of raising the compulsory age of education to 18. While the average returns to staying in education beyond the age of 16 are very high,¹⁶ this is not independent of what young people actually do with this extra time.

Conclusions

The government has poured large amounts of money into schools – especially in areas of disadvantage. There have been some improvement in outcomes, but the question is whether the money could have been spent more efficiently. Some interventions, such as the Literacy Strategy, are more likely to be cost effective than others, such as the specialist schools policy.

Both the government and the opposition are committed to increased choice in the hope that this will further drive up standards. For this to work, there must be a genuine possibility of good schools expanding and children from worse neighbourhoods being able to move to better schools. Otherwise, choice may simply become a euphemism for greater inequality.

For further information

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¹³ Dearden, Emmerson, Frayne and Meghir (2006).

¹⁴ The education and skills White Paper (Department for Education and Skills, 2005b) also includes plans to emphasise the acquisition of functional skills in English and maths at GCSE level. For example, the performance tables now include a GCSE measure that incorporates achievement in English and Maths. There are also proposals to enable greater differentiation at A-level for the top achievers.

¹⁵ See, for example, Steedman and West (2003) and McIntosh (2004).

¹⁶ Dearden, McGranahan and Sianesi (2004).

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