



The evidence of failure in Britain's schools, despite the best efforts of recent governments, suggests that standards of education cannot be raised by central diktat. Rather, now is the time to return freedom to schools.

The author's vision of education is informed by two principles. The first is that improving the quality of teaching in schools can only be achieved through improving the quality of educational leadership in schools.

The second is that the way to build the requisite calibre of leadership in schools is to empower them with the freedom and authority to run schools as they think right, while keeping them publicly accountable for their performance.

It is a truly *decentralising* agenda. Power and freedom would be returned to schools so that they can provide the education which parents want for their children.

These reforms will not only help good schools to prosper: they will, crucially, also lift poor schools out of the cycle of failure that has too often blighted the future of too many children.

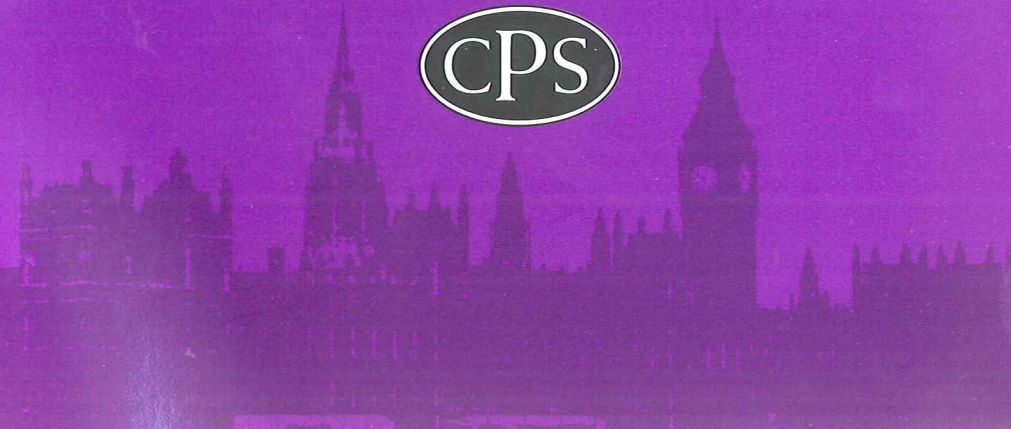
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CENTRE FOR POLICY STUDIES

# Freedom for Schools

*A radical agenda for the next Government*

SEAN WILLIAMS





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*A Radical Agenda for the Next Government*

SEAN WILLIAMS

CENTRE FOR POLICY STUDIES  
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2000

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## FOREWORD

IN 1998 THE CENTRE FOR POLICIES STUDIES published a paper by Sean Williams entitled *Levelling Down*. This investigated the reality of the Labour Government's education policy, by looking in detail at the facts of the School Standards and Framework Act 1998. It showed the Act to be a strongly centralising, interventionist measure, inspired by an unstated egalitarian doctrine. His analysis has been proved to be correct – not least by the threat of a teachers' strike in protest at the 400 documents a year emanating from Whitehall.

In this paper – one which has strongly influenced current Conservative thinking on education – Williams sets out an alternative vision for the future of education, a vision founded on two beliefs. The first is that improving the quality of teaching in schools can only be achieved through improving the quality of educational leadership in schools. The second is that the way to build the requisite calibre of leadership in schools is to empower them with the freedom and authority to run schools as they think right, while keeping them publicly accountable for their performance. It is a truly *decentralising* agenda.

His proposals are radical. Some people will say that they can't be done, that they are too ambitious. Others will object to them on the grounds that it is the responsibility of the state to educate the country's children. That more state control is needed, not less. Yet that is to advocate more of the very policy which has led to the situation in which one-third of school leavers are unable to read

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and write competently. The time for a revolution in the structure of education has come.

The proposals in this paper go further than any political party in Britain. Real freedom must be given back to schools. Williams concentrates on what one might call the supply-side of the education system. In short, the better of the schools that are paid for by the state should have the same freedom as independent schools paid for by private fees. These schools should be kept accountable by the publication of their examination and test results and by OFSTED inspection. Controlling them to any greater degree would be counter-productive.

Failing schools pose problems of their own. Allowing failing schools to continue failing is to deny children the education need and deserve. A system of free schools will encourage good schools to displace weak schools. In the long term, it could be expected that the free schools would have both the incentive and the expertise to take over others, while in the short term, vigorous special measures would be required to lift them out of failure.

Nor does Williams propose a return to grammar schools. Instead, he envisages a system in which true diversity can flourish, one which is responsive to local needs and demands, one which is as far removed as the possible from the grammar school/comprehensive school schism as it is possible to be. It is not a plan to select the top 30% of pupils. It is selection for all. It is not a binary system but one in which a full spectrum of educational provision can develop.

The children who would benefit most from Williams' proposals would be those from disadvantaged backgrounds. A glance at the LEA performance tables demonstrates how education policy over the last 30 years has penalised children growing up in the poorer districts of Britain. Attempts to use the school system to "remedy society's larger inequalities" have failed. In their place, Williams would enable the brightest children from poor backgrounds the same chance as the brightest middle-class children. Gone would

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be selection by house prices (all too often, the unintended consequence of comprehensivisation).

Others have argued that giving this much power to schools would not be welcomed by the schools themselves. Certainly, many of today's head teachers and governors might resile from the responsibilities which Williams wishes to give them. Too many, perhaps. But what if new leadership was attracted into the teaching profession? Should we really be so cautious as to believe that there are no men and women of dynamism and spirit who would relish the opportunities and freedoms presented here?

The proposals in this paper go further than both Conservative and Labour Party policy. Conservative initiatives such as Grant Maintained Schools and Local Management of Schools went some way to freeing up schools. The compromises of office meant that these policies were, to an extent, diluted. Yet they were also founded on the belief that responsibility for the delivery of education belongs not with the state but with schools and civic society.

Similarly, a central tent of the Labour Party's education policy, announced in its 1997 Manifesto, is "to intervene in inverse proportion to success." Again, the compromises of office seem to have diluted this ambition – some would argue, with justification, that never before has any Government meddled so extensively in education.

Perhaps the Prime Minister might ask himself, when he next sits down with the Headmaster of his children's school, why his Government has burdened that school with the same rules and regulations that apply to the worst sink-estate school in Islington. He might also ask what either the DfEE or the LEA do for his children's school which the school could not do better for itself. Were he to answer these questions, he might, as an honest man, then conclude that Free Schools could be as much a part of New Labour policy as Conservative policy.

Tessa Keswick  
Director

## SUMMARY

THERE ARE NINE BASIC FREEDOMS that should apply to schools:

- 1 Independence
- 2 Self-governance
- 3 Financial freedom – revenue
- 4 Financial freedom – capital
- 5 Freedom of entry and expansion
- 6 Management freedom
- 7 Operational freedom
- 8 Freedom over admissions
- 9 Academic freedom

With a rigorous system of accountability, schools should be able to operate with these freedoms without governmental control.

## INTRODUCTION

IMAGINE A FUTURE BRITAIN, where the day's educational news story was not the latest interfering initiative by the Education Secretary, but a celebration of the transformation of British education. Imagine a system where the variety of schools matched the diversity of children, where the teaching profession was among the most respected professions in the country and militant teaching unions a distant nightmare, where state schools vied with private schools for the top positions in the performance tables. Imagine a time when people turned to Britain again to see how a school system should be run.

Is it credible that the incessant intervention by government in schools could lead to such a future?

One of the most disingenuous of slogans in Labour's election manifesto was the claim that they would focus on "standards not structures". They have in fact done the opposite and have turned the structures upside down. Their claim obscures the simple truth that standards and structures are inextricably connected. Standards will not, cannot, rise with the wrong structures in place.

The structures in education today will determine the standards of education in the future. It is the structures of the system that determine the extent to which schools can manage their own affairs. The current Government's practice of constant, intrusive interference with the details of what happens in schools will be the death of the system in the long run. The more responsibility the government takes to itself, the more people will expect government, not schools, to solve problems. Those expectations will, in turn, lead

government to take on even more powers, thereby persistently undermining any remaining local school autonomy.

The Government's approach to schools is not just highly regulatory. The bookcases of new regulations, codes of practice and guidance it has issued have amply demonstrated that they are certainly that. It is not just in the business of telling schools what they may or may not do. It is trying to go much further than that: it is trying to *direct* the system. It is telling schools what they must and must not do and making every effort to ensure that schools do what they have been told to do. It is the most interventionist, intrusive, *dirigiste* education regime ever experienced.

It is sobering to think of how much more detailed the intervention in schools is to other nationalised industries that government once controlled. Was there ever a time when a government instructed British Leyland or British Steel on: what products to produce, who to produce them for, how the labour force should be trained and qualified, what they should do in their work, how they should do it, even how long they should devote to certain tasks each day, how much they should be paid for doing it, as well as how the board should be structured, what committees it should have and so on and so on?

Yet in the school system today, the government determines the curriculum to be taught and the admission arrangements to decide which children should be taught in which schools. It specifies the training and qualifications of teachers, what should be taught and how it should be taught through the National curriculum and the latest doctrines on teaching methods. The Education Secretary prescribes the minimum number of hours that should be devoted to certain activities – literacy hours, numeracy and homework. The salary review board and the Teachers Pay and Conditions Act determine how much teachers should be paid. The School Standards and Framework Act determines how the governing body shall be structured and how it shall operate.

Indeed it is difficult to think of any kind of economic activity in Britain that has been as tightly controlled by government as schools are today. And it is difficult to think of any activity in which Britain performs as badly in international comparisons as education.<sup>1</sup>

Could not the solution to the problems in schools be exactly the opposite? Surely the way to improve performance in the long run is to give the teachers and head teachers in schools the freedoms they need to do their jobs effectively and to make them accountable for their performance for all to see. The solution is to allow the forces of freedom to drive up standards, not government intervention.

What this paper proposes is a system of independent state schools. There is no reason why schools performing well, in terms of their measurable performance and inspection reports, should be regulated any more intrusively than fee-paying schools. The state's role is to provide the structure in which good performance can flourish, to encourage the spread of best practice and to give guidance. It is not to intervene directly in the activities in the classroom.

Rather than interfering as it does with the details of how all schools operate, the state's remaining role should be to focus on failing schools, either by helping them to turn them round or by closing them down.

At the same time, teaching has to return to being a highly admired profession. That can only be achieved by changing it from its current state as a highly unionised trade into a self-respecting profession of high standards and authority, fully empowered to undertake the vital task of educating children.

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<sup>1</sup> Of the 41 countries included in the Third International Mathematics and Science Survey, only children from Colombia and South Africa had average scores lower than England. The only aspect of the survey in which English pupils scored highly was, remarkably, in their own assessment of their ability in mathematics. Here, England came top of the list. See S. Prais, *How Did English Schools and Pupils Really Perform in the 1995 International Comparisons in Mathematics?*, Politeia.



This paper has deliberately focused on the supply-side of the education system. The ideas proposed are designed to re-build the basic infrastructure of the system. It does not focus on the demand side of education. It is assumed that parents should have the unfettered freedom of choice over the education of their children that they have in most other decisions in life. A school system with the dynamism envisaged here will have a whole new relationship with the parents and communities they serve, ensuring and helping parents to fulfil their part in the education process.

### INDEPENDENCE AND GOVERNANCE

UNDER THE LAST CONSERVATIVE government, grant maintained schools demonstrated that giving schools freedom can work, both in practical terms – it can be done; and in performance – they did better as a result. However, despite their additional freedoms, these schools remained heavily regulated. Moreover, not enough schools made the transition to grant maintained status, because of opposition from local politicians and because of the hurdle of a parental ballot.<sup>2</sup>

In the next administration, all schools should be granted independent legal status. The transition should be accomplished swiftly and universally.

The objectives are to decentralise decision-making, to establish authority and competence as close to the classroom as possible, and to strip away the bureaucracy and empower the people who do the work.

#### **The First Freedom – Independence**

- *Schools should be established as independent corporate entities, with charitable status – “free” schools or “trust” schools.*

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<sup>2</sup> Despite the fact that every grant maintained school won the majority support of their parents in a ballot, the Labour Government abolished their freedoms without regard for parental wishes. They have therefore demonstrated that holding ballots to make such a change is unnecessary.

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- *All schools should legally own their own land and buildings and employ their own teachers.*

### *Incorporation*

Some schools, such as voluntary or church schools are independent entities already. These are normally supported by charitable or religious foundations, whose role in the system should be strengthened. But many schools are not: for example, county schools, now called community schools, are not distinct from their local education authorities.

The blurring of boundaries between local authorities and schools is an important stumbling block. Responsibility and power has to be clearly assigned to schools. Each school should therefore be properly incorporated as a separate legal entity. This is a necessary precondition for building up the new powers and responsibilities that follow.

### *Ownership of land and buildings*

At the same time as becoming legally incorporated, schools should be given the legal title to the land and buildings they occupy. Some schools already have it, either in their own right or through the charitable foundations that support them. Rights of ownership will give school leadership the freedom to use their assets as they see fit, for the furtherance of the educational aims of the school.

In practical terms, this will involve a large-scale transfer of assets from the Local Education Authorities in the public sector to the new schools bodies in the private sector. It is large-scale privatisation. It will also create hundreds of well-capitalised school trusts.

The "forces of conservatism" in the political and governmental establishment could cause such a large-scale transfer of property to become an interminably protracted process. To overcome this, the legislation should give schools the presumptive right of ownership of all land and buildings they use and occupy. There will no doubt be disputes at the margin, as local government tries to retain as much property as it can, but these should be kept at the margin.

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### *Employment of staff*

Schools should become the contracting party in employment of teachers and staff in the schools. They should assume all the normal freedoms and obligations in relation to the management of their staff.

Today, in every school, the normal management processes of staff management are tied up in regulation; in most schools, the local education authority is the holder of the contract of employment. It is another example of the blurring of boundaries between schools and government, one which means that the local education authority is inevitably involved in the management relationships in schools between senior teachers and staff. Transferring the contracts to schools will give a school's management unfettered authority in managing its staff – their most important resource.

The transfer of teachers' and staff contracts of employment from local education authorities to schools would be protected by the Transfer of Undertakings Protection of Employment Regulations. No employee would be disadvantaged in the terms and conditions of employment or their acquired employment rights as a result of the transfer.

### *The bearable lightness of independence*

Some people will no doubt be concerned about whether all schools could survive as independent legal entities on their own. They should, however, remember that the large majority of the three million businesses in this country employ only one or two people, a considerably smaller operation than any of the 25,000 schools, and they are able to survive on their own. Being a separate legal entity is no great burden in itself.

There may be reasons for schools to combine together to share some administration functions. For those that want to be part of a larger organisation, there would be no barrier to combining with other schools or organisations as they see fit. This could be in the form of groups of primary schools joining together in a single

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trust, or primary schools coming under the wing of a secondary school trust, or any other suitable organisation – a university, college, business, church or charity. There should be no barrier to the private sector becoming involved in schools in this way.

### **The Second Freedom – Self-governance**

- *Schools should therefore be free to organise their own governance as they see fit, including writing their own articles and instruments of governance.*
- *Schools should be free to appoint whatever governors to their governing bodies that they see fit.*

The governance of schools is an area of extraordinarily detailed regulation in the system today. A highly successful state school, which is supported by a religious foundation and which long predates the state's involvement in education, is no longer allowed to determine for itself a wide range of governance matters, including:

- the article and instruments by which it is governed;
- what kind of people shall be on its governing body;
- what committees of the governing body shall be set up;
- what matters to delegate to the head teacher.

This over-regulation must be swept aside. In a system where a school is free to run itself, where it is clearly and publicly accountable for its performance and where the parent is free to choose which school to use, there is simply no need for this detailed regulation.

## INDEPENDENCE AND GOVERNANCE

The freedom for schools to govern themselves as they wish and to write their own rules of governance will make it much harder for central government to impose its will on schools by regulation. So much the better.

Schools should be free to write their own articles and instruments of governance. As part of this, the governing body should have whatever composition the governing body thinks is appropriate. The law does not dictate to private schools who may serve on their governing bodies. No more should it to state schools.

Obviously, there must be limitations to prevent unsuitable people from holding office, people who have proved themselves unfit to be entrusted with fiduciary duties. But these would be similar to those that apply to all businesses in the country. Some additional limitations would apply in an educational context, such as preventing people from holding office, who had previously been governors of a failing school or who had criminal convictions.

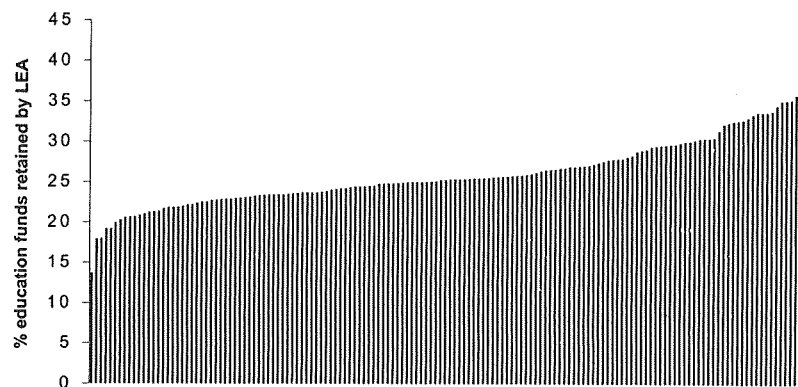
There should be three specific limitations on the composition of the governing body. Governing bodies should have a reasonable number of governors: no skeleton bodies of one or two governors. Local education authorities should not be allowed to appoint more than two members (although governing bodies should be permitted to have no LEA representation if they wish).

The role of the governing body is to keep the teaching staff accountable for their performance. They cannot do so if the governing body is dominated by the staff. Thus the governing body should not be permitted to have a majority of members of the staff, and preferably should include no more than two members of staff, including the head teacher. Governing bodies should be permitted to have no staff members, other than the head teacher, if they wish.

## FUNDING

OBJECTIVE RULES FOR FUNDING SCHOOLS are a vital component of ensuring that they are truly free to run themselves as they wish. If local education authorities have any discretion over how much money to keep back for themselves, then they will be able to keep back funds that would be better spent in the classroom. If they have discretion over how to distribute funds between schools, then schools will be impelled to fall in line with their wishes, for fear of losing financial favour.

The following chart illustrates how the proportion of the General Schools Budget that was retained by each LEA in 1998/99 ranges from just 13.7% in the best performing LEA (Wokingham) to 38.7% (Newham).<sup>3</sup>



<sup>3</sup> See Nick Seaton, *Fair Funding or Fiscal Fudge?* Centre for Policy Studies, 1999.

There is no case for the LEA share of education funding to average 26.1% of the total spending on schools. Nor is there any case for this share to have such a wide range between LEAs.<sup>4</sup>

## The Third Freedom – Freedom over Revenue

- *All schools should be funded on a national funding formula by central government.*
- *Schools should be free to spend their budgets entirely as they think fit.*

*Revenue funding*

True financial independence for schools requires that their income should be dependent on their ability to attract parents and pupils, not on the discretion of the funding authorities. To achieve this, schools should be funded directly by central government on a standard formula based on pupil numbers, with the money being paid into the schools' bank accounts.

Any money provided to local government for their overhead activities related to education should be strictly limited and separate from the funds paid to schools.

The funding mechanism for schools should pay a sum of money per pupil that can be calculated from a transparent formula. The formula should be simple enough for any interested party – parent or commentator – to calculate the amount payable using a pencil and paper. It must not be clothed in secrecy or be too complex for anyone to understand. It should take account of:

- relative cost of living in different areas;
- age of pupils;

<sup>4</sup> LEAs are responsible for a wide range of issues, many of which would be best carried out by the individual schools. See Chapter 7 below.

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- size of school, particularly to protect smaller schools, such as in rural areas;
- and, to some extent, the educational conditions in different areas, recognising that areas of low educational standards are often closely linked with areas of social disadvantage.

### *Transition*

Because of the disparities in the current arrangements, some areas will be losers from the change to the new system (others will of course be winners). To mitigate this, the government should put in place transitional arrangements, which ensure that no area receives less money than previously. These areas should remain capped in this way until the level of funding they would receive under the national formula had caught up. As part of the transitional arrangements some areas may not receive quite as much as they would be entitled to under the national funding formula for the first few years.

It may also be prudent to establish an empty trust fund for each Free Schools into which donations and any fund-raising activities of the school would be put.

To accelerate the introduction of the new funding formula, without generating lots of losers, the government would have to increase funding in the early years to allow the under-funded schools the extra resources they deserve.<sup>5</sup>

However, all schools will benefit enormously from limiting LEA's ability to take an average of 26% of the funding for the system in overhead expenditure. By diverting the large majority of this to schools directly, every school will feel the advantage of greater funding at their disposal.

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<sup>5</sup> It is estimated that the cost of raising all low-spending LEAs up to the average would be £1,500 million. The cost of raising all LEAs up to a level equal to the top 25 LEAs in terms of spend per head would be in the region of £2 billion.

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The school's management should be free to use these funds to achieve the objectives of the school and to buy whatever services they need in support.

### *Implications for Local Government*

Central government funding for local authorities to cover the costs of their remaining functions should be provided separately from the schools funding formula. As discussed below, the functions that they would retain and that would remain to be paid for by central government are more akin to regulatory and social services functions than to the provision of education directly. For these a small amount of central funding may be appropriate.

Some LEAs currently spend more on education than is provided centrally under Education Standard Spending Assessments. It would not be in the interests of schools to have sources of funding closed off. Consequently, the local authorities should be allowed, if they so wish, to continue to contribute funds to the provision of education in their areas. However, it is important that school leadership is truly independent of local authorities. So, councils should only be able to make further revenue funding available to schools on a strictly per capita basis, without discretion in the allocation between schools.

Direct funding of education has far-reaching implications for local authority financing in the UK. Without the responsibility for funding education, local expenditure and local revenue will be much more closely matched. A beneficial side-effect of these reforms would, therefore, be an increase in accountability for their behaviour, thus reducing the need to cap council taxes.

### *Current expenditure*

Schools should be delegated 100% of the funding necessary for the provision of education. They would then be free to buy the support services they needed from any organisation they saw fit, so long as there was an arms-length commercial relationship between the school and the supplier. In particular, they should be

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free to buy back services from their local authority, if they wished, or any other local authority, either in the adjacent area or further afield. They could also choose to buy the services from the private sector instead. Local authorities would have no monopoly of service provision in their areas.

In particular, responsibility and funding for the following services – all of which are currently in the hands of the LEAs – would be delegated directly to schools:

- school meals;
- school transport;
- school management support;
- payroll and personal support;
- curriculum advice;
- funds for the maintenance of school buildings and property.

A full list of the functions currently held by LEAs that would be transferred to schools is attached as an appendix to this paper.

There is no doubt that handling these additional responsibilities will require additional financial and administrative expertise in schools. Some of the money currently retained by LEAs must be spent strengthening school administrative functions, such as financial control. However, even a moderately-sized secondary school is, with one simple revenue stream, a relatively simple organisation. Some administrative posts (which might comprise a bursar, administrative assistants and a secretary) would be needed to support the Head teacher (some smaller schools may wish to share the costs of support). In return, schools would be free of the need to bid for Government funding schemes

## FUNDING

and would be free from the plethora of plans and regulations which have been introduced over the last three years.

### **The Fourth Freedom – Freedom over Capital Expenditure**

- *Schools should be freely vested with control over their own assets.*
- *Schools should be free to sell or mortgage their assets, in order to re-invest in the educational objectives of the school.*
- *State capital funding for minor investment projects should be paid to established schools on a per capita basis.*

#### *Attracting private sector capital*

Liberating the mechanisms of capital funding for schools is one of the most important levers for driving up standards of education.

The current system prohibits good schools from expanding and protects bad schools from declining. This is, in part, the result of a Treasury-inspired attempt to save money on “surplus places”. In most dynamic economic sectors, a degree of spare capacity is seen as a good thing, particularly in those organisations which aspire to deliver the standards customers require. So much the better for the customer.

The two most important features of a new, well-designed capital funding system are that capital resources should follow the best schools not the worst; and that new entrants from the private sector should be encouraged.

Currently it is nearly impossible to attract commercial capital into the state school system. An important deterrent to commercial capital is that it would have to compete with other state schools (including church schools) which have their capital provided for free. Commercial entrants, who have to make a market return on the capital invested, therefore start with a tremendous handicap.

There are two possible solutions to this. The first would be to charge all schools for the capital they employ. The second would be to allow schools to use the free capital they own and to open up a flow of new, free capital to all newcomers, including the private sector. Neither of these solutions is perfect. But the second is more likely to be successful than the first.

The first solution falls foul of the problem that much of the capital invested in schools came from charitable origins in the first place, in church schools particularly. The government would have no right to charge the schools for the use of this (rather it is the church schools who ought to have the right to charge the government for the use of their capital). Consequently, much of the capital is likely to remain free for the education system to use.

The better solution has two parts:

- 1) to let schools use their free capital as they wish; and,
- 2) to make the flow of new state capital open to all-comers.

*Inherited assets*

Schools should be allowed to sell their assets or mortgage them to secure borrowings, in order to invest in new educational facilities. As there are clearly risks in allowing schools to sell or mortgage their assets, there would have to be clear guidelines. Schools should, for instance, be prohibited from selling capital assets merely in order to subsidise a shortfall in revenue for any length of time. One form of capital asset should be re-invested where possible in another form.

While it may be necessary to introduce a few simple guidelines to ensure that adequate facilities, such as sports playing fields, are maintained, Free Schools would be likely to be far superior to LEAs as managers of their assets.

However, they should be allowed to make the kind of commercial decision that any business or organisation has to make, when deciding whether to take out a loan. Is the value of

the project worth the cost of the loan? Can a loan required to finance a new investment be afforded and repaid? As there would be no state guarantee to back the school's loans, each will have to demonstrate to its bankers that the proposition makes financial sense. Schools will have to make a sufficient margin on their educational operations to repay the capital and interest of a loan.

There is a huge financial opportunity in this for the government. As this borrowing will be made by private sector trusts from private sector banks without any Treasury guarantee, it would not appear as part of the public sector borrowing requirement. So this freedom would effectively allow the education system to leverage up the enormous amount of equity capital invested in the system for a major programme of re-investment in education, using private sector capital outside the capital rationing constraints of the public sector.

*New assets*

The second part of this approach is opening up new investment capital supplied by central government to bidders of all kinds. Some of the funds for new investment should be provided to established schools on a per capita basis. This will give them money for minor new building projects (just as the Funding Agency for Schools did for grant-maintained schools). This should be sufficient to cover events such as new boilers, new roofs etc. This will be especially powerful when combined with the freedom to borrow money, as schools will effectively be able to bring forward the spending on repairs by borrowing in advance and repaying out of future funding for small projects.

**The Fifth Freedom – Freedom of Entry and Expansion**

- *Funds for new large scale investment projects should be made available to all bidders on a "challenge funding" basis from central government.*

*Challenge funding mechanism*

In the case of large-scale projects – a new school for instance or sizeable extension to a school – per capita distribution of capital funding would not be sufficient or appropriate. In these cases, a challenge funding system should be established, which would allow any interested party to bid for capital funding.<sup>6</sup>

The size of the educational capital fund would be determined by the Treasury. The bidding procedures and allocation guidelines would be published. Any interested parties would be able to bid for funds for new educational projects.

Interested parties might include a local authority or an established school's governing body. However, it could also include a new private sector company, consortium or a new school management team, which could bring whole new sets of people into the running of schools. For example, a team of enterprising teachers from a state school, or a group of motivated parents unsatisfied with the standards of local provision, could put together a bid to set up a new school. It is a mechanism for empowering those who most want to improve the way the school system works, rather than channelling funds through the established bureaucracies that have caused the problems in the first place.

Opening up the system in this way will allow new ideas and new enterprise to penetrate the closed world of education. It could be an important long-term mechanism for bringing in higher quality leadership and introducing fresh ideas into the system.

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<sup>6</sup> Challenge funding is a system in which the government sets up a central fund with a pre-determined cash limit. Bidders submit competing bids for money from the fund. The basis for the selection of winning bids is published in advance, so that bids can attempt to meet the criteria. The funds are then distributed to those projects thought most worthy of funding. Very often, challenge funding systems favour projects which lever in private sector capital to match public sector funds.

One example of the challenge funding approach is the Single Regeneration Budget, a process established in the last Conservative Government, which consolidated a large number of urban regeneration and related schemes into a single budget against which regeneration schemes could bid.

A few important rules should be observed:

- new funds should be allocated to areas where there are known shortages of places. Clearly the first objective should be to provide schools where they are needed;
- however, the presence of surplus places in an area should not count against any bid: funds should not be allocated exclusively to areas with shortages of places. Schools that cannot attract sufficient pupils to fill their places will ultimately have to close, perhaps to be re-financed and re-invigorated by a new bidding team;
- funds should be allocated on the merits of the proposals, irrespective of whether the bidder is from the private or the public sector. This is a vital part in bringing the private sector stimulus into the nationalised education sector. There is an argument for ensuring that the majority of new funding should be reserved for projects where there is some private sector involvement in the first few years;
- the system must allow private sector bidders the freedom to make a sufficient profit to repay the capital and enterprise they invest in the system;
- in general, it may be desirable to try to lever into investment projects capital from other sources. In competing projects to set up a new school in an area, it would be desirable to provide state funding to the project that can match the government's money with cash from the private sector;
- the administration of the budget must be kept at arm's length from political intervention. The visibility of challenge funding has the advantage of helping to ensure



fair play, compared to the arcane allocations of funds controlled by layers of bureaucracy. However, the scope for political gerrymandering is obvious, and has to be guarded against by imposing strict processes for bid evaluation.

*Implications*

The main impact of this new capital funding mechanism would be to allow good schools to expand and new schools to be created. In doing so it would encourage bad schools to take the necessary steps to improve themselves or to face closure. Standards and parental choice would both rise.

This process of creative replacement is one of the most important mechanisms for raising standards in schools in the long run proposed in these reforms. Goods schools are set up and thereby replace bad schools. Failing schools are not allowed to carry on failing, because parents will have more opportunity to choose better alternatives.

But it is also important that the freedoms of the capital funding system will encourage people to take on the challenge presented by poor performing schools. In rural areas, for instance, where there may be no realistic alternative to the local school, the freedoms of the system would encourage new teams to come in to a failing school, take it over and turn it around. A bad school would not be left to carry on providing education that fails its children, propped up by the lack of alternatives. People would have a mechanism for doing something about it.

While this mechanism will encourage private sector capital to come into education, nevertheless some disincentives are likely to remain. In a system where capital is treated as free, school funding would generally be pitched at a level sufficient to pay for the current costs of providing a teaching service, but not sufficient to pay for the capital costs too. In order to make a profit, new private sector capital would therefore have to make its return on capital by running schools more efficiently than the state sector.

OPERATIONS

HAVING ESTABLISHED INDEPENDENT, directly-funded schools, the next step is to allow them to run themselves as they wish.

The freedoms envisaged below would give schools the kind of flexibility that independent schools have in the private sector. As schools will be held fully accountable for their performance through the publication of test and exam results and by means of regular OFSTED inspection, there is every reason to avoid over-regulating their day-to-day activities.

The operational freedoms proposed, in addition to the freedoms over assets, funding and governance described above, would consist of four main parts:

- Freedom of management;
- Freedom of admissions;
- Freedom of operation;
- Academic freedom.

**The Sixth Freedom – Freedom of management**

- *Schools would have full freedoms in relation to the management of their staff, particularly over their pay and conditions, negotiation arrangements, recruitment and training*

*Staff pay*

In addition to the formal transfer of contracts of employment to schools, described above, the senior teachers in schools should have the responsibility of determining their teachers' pay. Deciding pay increases is a basic management task. Pay decisions are best taken by those close to the staff in question, who can respond to the people in person, assess their individual performances and take into account the particular circumstances and needs of the school. A system in which the vast majority of any pay settlement is determined at a national level deprives senior management in schools of potentially the most important tool available to them in the management of their staff.

Schools would then have the freedom to pay teachers whatever they think fit. There should be no more mandatory national pay scales or national negotiation. The Teachers' Pay and Conditions Act would be abolished. Instead, schools would be able to pay their most valued teachers, or the teachers in short supply, more than others. They would be able to ignore the rigid national pay scales, which require them to pay some teachers more than they are worth and others less. They could ignore the current pay system, where an additional year of service results in a pay increase, whether deserved or not.

This freedom would give school governors the power to pay their teachers more than they earn today. In the end, however, the amount that schools can pay their teachers will be determined by the amount of funding the school can attract. If a school spends more than it can afford on teachers' pay it will have less than it needs for other resources. The school management will have to decide where a sensible balance lies.

At the moment, this decision is largely controlled by central government. Is it possible that government is able to get this balance right across all 25,000 schools in the country? In future, the decision would be made where it should be, in schools, on a school by school basis reflecting their own circumstances.

*Staff recruitment and management*

In addition to a rigid pay structure, a range of restrictive practices also limit the flexibility of the school management. For instance, people returning to the teaching profession after a break cannot be employed at a position on the pay scale below that at which they left. More importantly, teachers cannot be employed in state schools who do not have qualified teacher status, even if they have been successfully teaching in the private sector for decades.

These restrictive practices should be terminated. An inflow of people who have not been through Teacher Training College would reinvigorate the teaching profession. Opening the doors to the closed shop would be as beneficial in education as in other sectors. If private schools can make use of people without the necessary qualifications successfully, why should this advantage be denied to successful state schools?

Along with management freedom over pay and conditions, schools would have all the other freedoms any business would expect: to recruit people they want in the manner they want, and to use any performance management and disciplinary arrangements they want. While government may want to offer suggestions of good practice, schools should be free not to observe these and to behave as private sector bodies would.

This local flexibility will result in more effective systems in general. Centralised rules tend toward the lowest common standard. Nationally negotiated rules cannot take account of local circumstances. Local rules can be pitched to the highest standards of aspiration.

*Trade unions*

An important by-product of delegating real power and authority to schools is that the teaching profession will once again have a basis for earning the respect in society that it deserves. Instead of being a highly unionised trade, as tightly regulated by central and local government control as any ever has been, they will be free to practise their skills for the betterment of children with the

minimum of interference. They will have freedoms as set out below to decide what to teach, how to teach and how to maintain discipline. They will have the opportunity to take on senior roles in schools that have meaningful authority. The greater the scope that teachers have, the more new blood will be attracted to the profession – above all from those who are deterred from entering (or re-entering) the profession because of the bureaucracy, limitations and regulations.

The leadership in schools should have the corresponding freedom over whether to negotiate with union representatives and how to conduct pay negotiations (as in any other small business in the country). There would be no need for highly-centralised trade union and government negotiating bodies when school governors and head teachers could decide the appropriate pay levels for the few dozen people they work with.

Many teachers join trade unions for liability insurance and legal advice. That this should be necessary is a reflection of the balance that the law strikes. Too many teachers feel vulnerable to the threat of unwarranted litigation. Schools should be encouraged to find their own ways of maintaining discipline in schools, using appropriate sanctions as required, within a sensible legal framework, rather than trying to legislate for every eventuality.

### *Staff training*

Another part of the freedom to manage would be the freedom to train their teachers, in the manner that schools thought most appropriate for the classroom. Rather than the current situation whereby funds are channelled to teaching colleges on a per capita basis from central government through the Teacher Training Agency, funding for training should be provided to schools for each trainee they take on.

All trainee teachers would have to apply to schools for trainee appointments. The school would provide the training required either themselves, both practically in the classroom and elsewhere,

or they could purchase any training that they could not provide within their own operations. Putting power in the hands of schools, who have the best idea of what kind of training is needed for practical success in the classroom, would make a radical difference to the quality of teacher training.

The result would be that some schools would become well-known as places to get good training, just as the teaching hospitals have played this role in the medical profession.

A happy by-product of the delegation of training to schools would be to break the strangle-hold of the institutes of education. A far wider variety of training establishments, each with their own reputation, would develop – some perhaps incorporating best practice from other countries. Then, their reliance on schools for both funding and the future placement of their students would introduce much-needed market pressures into this contentious area.

### **The Seventh Freedom – Freedom of operation**

- *All schools would have the management freedom to control their operations*

Schools should be able to manage their operations for themselves, including the hours in the school day, the weeks per term and the terms per year.

In giving schools this freedom, the contractual arrangements between schools and the state would have to be better defined. The government should define how many hours of education per year they are paying for as a minimum in return for the financial resources they are providing. But they should not limit how schools manage the obligation to provide these hours.

Outside these “contractual” obligations to the state, schools would be free to use their assets and their staff (suitably remunerated) for a much wider set of activities. They could play a more pro-active role in the community of which they are part.

They could provide additional services to their pupils and their parents and charge fees for them. They could allow other people to use their land or their buildings for suitable purposes and charge rent for them. All additional sources of income would be re-invested in the future of the school.

Part of these operational aspects would be the freedom to implement home-school agreements.<sup>7</sup> In future, schools could have the freedom to use home-school agreements in whatever way they saw fit.

### The Eighth Freedom – Freedom over Admissions

- *All schools would be free to determine which pupils they admit*

Because of its determination to ensure *equality of provision* in schools, regardless of the differences between pupils, the Labour Government has sought to control the admission arrangements in schools.

There are many examples of this. It has lit the fuse that could well destroy selection in grammar schools by local campaigning (while disingenuously claiming to have nothing to do with it). It has tightened the regulations of admission arrangements to such an extent that it is difficult for a school to have any policy other than admitting siblings and admitting whoever lives nearest; academic or educational criteria can rarely be used. It has enabled LEAs to construct distorted catchment areas to ensure schools have “the right social mix”.

<sup>7</sup> Home school agreements were originally documents which some schools used and which made clear to parents their responsibilities in the education of their children. Many schools made agreement a condition of admission to schools before this was forbidden in the Schools Standards and Framework Bill (1998). In its place all schools have a voluntary and much less rigorous and unenforceable home-school agreement. As is so often the case, central interference with a successful voluntary initiative has undermined to the point of destruction the original concept.

These provisions are aimed at equality of provision, even at the expense of undermining the overall quality of education being provided.

Freedom over admissions policies is a vital tool for the leadership of schools. It enables heads and governors to create the kind of school they want. It is essential if a diversity of schools is to be created. Liberating admissions policies is a mechanism for encouraging a widespread return to selective education (in its best sense), where schools are matched to the ability and aptitudes of pupils admitted.

But allowing freedom over admissions is also a way of ensuring that there is no return to simplistic dualism in the system – of grammar schools and secondary moderns. All schools would have the freedom to select pupils, on whatever equitable grounds they chose.

The result would not be a simple split of selective and non-selective schools, but a broad spectrum of admissions arrangements, as in independent schools, to match the broad spectrum of parental preferences and school leadership ideas. They might involve intakes being wholly or partially selected, a range of criteria being used – aptitudes in various subjects, or religious affiliation – or with a range of techniques for using them – test results, other written tests of interviews.

### *Expulsions*

An essential part of freedom over admissions is the countervailing right to expel pupils as well. Each school should decide for itself how the interests of the school and of its pupils should be safeguarded in the face of disruptive pupils. It is very often better for the great majority of pupils if disruptive pupils are expelled. It could also be better for the disruptive pupils themselves, if adequate provision were made for them in an alternative, highly disciplined school or through provision out of school. However well-intentioned, the Labour Government's aim to reduce the numbers of pupils being excluded and of keeping disruptive

children in schools, is counter-productive. Such a policy does not make them better behaved. Nor does it improve standards of education.

It should be left for schools to decide how to handle disruptive pupils, either by keeping them in school, giving them appropriate tuition, or by expulsion. In all cases, however, it should be clear who is taking responsibility for the pupils in question. It should not be possible to expel a pupil without the school having agreed with another party – another school, a pupil referral unit, a progress centre or whatever – that they will be taking responsibility for them and for the appropriate funding transfer to be made.

### The Ninth Freedom – Academic Freedom

- *Every school should have the right to academic freedom – freedom over the curriculum taught, examinations set and teaching practices used*

Academic freedom is probably the most fundamental of the freedoms proposed for schools. By giving good schools the freedom to teach what and how they think best, a degree of flexibility and innovation can be brought back into a system which is now characterised by regulatory control and stasis.

#### *Curriculum*

It is true that the last Conservative Government brought in most of the key restrictions over academic freedom that exist today, particularly with the imposition of the National Curriculum. And at the time, it was right too, in its intentions at least. These restrictions were designed to correct the mis-practices of the system at that time, when educationalists were abandoning the teaching of academic disciplines in favour of cross-curricula themes, and when schools were not kept accountable for their performance. But what was intended as a simple curriculum was

usurped by the educational establishment and turned into an all-embracing syllabus. What was intended as a tool for rooting out bad practice became a tool for imposing standard practice.

Independent schools, who have the freedom to decide their own curriculum for themselves, achieve high standards. Why should those state schools that are performing well be burdened with the rigidity of the National Curriculum? Instead of a complex National Curriculum being imposed as the required standard, a reformed Curriculum should only aim to set a minimum standard. Any school with a sound academic record should be able to vary its offering with a flexible framework that builds upon a new National Curriculum. There should be no escape from teaching proper academic subjects, but there should be no insistence as to which subjects must be taught and how much time spent on each.

On top the basic restrictions of the National Curriculum, the current Government has loaded on a multitude of further “recommendations”, ranging from how many hours of “literacy” must be taught each day to how much home work should be set for children of each different age group. It is an extraordinarily *dirigiste* practice that the Secretary of State – or the Department for Education and Employment – should try to regulate what happens in every classroom in the country in this way. That, surely, is what teachers and head teachers are there to do. All these centrally-imposed initiatives – however well-intentioned they may be – should be swept away. The stimulus for improvement must come from schools, not be imposed on schools.

#### *Examinations*

The last Conservative governments imposed the one-size-fits-all examination, the GCSE. The problem with a single examination for the whole of an age group is that it cannot simultaneously offer the able a sufficient challenge while giving the less able sufficient accessibility.

In future, schools should be free to submit pupils for any exam they believe to be appropriate for their pupils and to have all such exam results recorded for performance tables. These might include International O Levels, the International Baccalaureate, or Scottish examinations in English schools. What is needed is a system of examinations that differentiates between pupils' abilities. That means there have to be some examinations that are more difficult than others.

The role of the government is not to prescribe what examinations must be set. Their role is to ensure that all examinations pupils are submitted for are *bona fide*, externally examined, public examinations. Their role is to ensure that there is rigour in the measurement of standards on a national basis and a comparison can be made of the standards of different exams. In that task, the government and its agencies – QCA and its predecessors – have been failing. By allowing systematic inflation of grades they have undermined the function of examinations to communicate the differences between pupils' standards.

As in other areas, the government's role should be to set the minimum standards rather than the required standards. The QCA's role should be to ensure that all examinations that count towards the performance tables are of a suitable standard. It should not have a remit to impose its own conception of appropriate syllabuses or teaching methods in the examinations, only to assess whether the examinations meet the required standards of rigour.

Whatever examinations are set, all schools should have to have all their results reported for national performance tables. At the moment certain examinations outside the ones the government prefers (GCSEs and GNVQs) are not counted in the performance table results. This means that schools who submit pupils for other exams have their performance under-reported in the tables. Instead, all examinations should be included, as long as they at least matched GCSE standards. This approach would not be entirely equitable, as the results in more difficult examinations

would be equated with less difficult ones, but it would be more equitable than not counting the non-standard examinations at all.

*Teaching practice*

Along with the other steps it took in trying to ensure high education standards – such as introducing the national curriculum, regular testing, publication of results and the rigorous system of inspection – the last Conservative government also started the long-overdue process of the return to traditional teaching methods. When the practical art of teaching, particularly the teaching of reading and arithmetic, had been so degraded in so many schools, it was no doubt right that the traditional teaching methods should be championed once more.

However, despite the fact that poor standards and ineffective methods of teaching remain a concern in schools, it is a dangerous idea that the state should seek to impose its latest ideas of the right teaching practice. We may have confidence today that a return to traditional teaching practice will help improve education standards, but the same powers could be used to promote the wrong kind of teaching practice by a future government.

It is better to leave such matters to the professional educators in schools in the long term. As long as they are operating in an environment where they can decide for themselves what works best in the classroom, where they can choose the teacher training that will be most useful for their schools and where they are effectively held to account for the teaching performance, they will find the kind of training that delivers the right kind of teaching.

The government's role is not to impose certain teaching methods, but to ensure that best practice is championed and spread among schools, so that they can choose it for themselves.

**The nine freedoms**

These then are the nine freedoms for schools, the basis for rebuilding and re-vitalising the infrastructure of the school system. By the standards of much current educational debate,

these may seem radical. But consider them against other kinds of economic activity today and it appears extraordinary that so much of the basic decision making should be controlled and directed by the government.

*Transition*

The intention is that the nine freedoms should apply to the large majority, if not all, schools in the long run.

However, in the short term, there is a case for limiting the application of some of these freedoms, particularly the operational freedoms, to schools that have proved they are capable of performing well and not extending them to all schools immediately. Failing schools, or schools where there is reason for concern, should perhaps not have all the freedoms envisaged all at once.

It may be that a process of graduation should be put in place, which allowed schools the opportunity to graduate to become free schools once their performance as evidenced by exam results and OFSTED inspection reached acceptable standards. This would give them an incentive to improve, though on the other hand would tie one arm behind their back as they tried to improve.

The nine freedoms should certainly apply to more than 50% of schools, and probably 75% in the first instance. Over the course of a small number of years as their impact becomes apparent, they should be extended to all schools in the country.

ACCOUNTABILITY

WITH ALL THIS FREEDOM FOR SCHOOLS, there must clearly be a counter-balancing mechanism to ensure that the new freedoms are used responsibly. Rigorous mechanisms of accountability are therefore needed. The powers described above can only be delegated to schools if a clear and transparent system of accountability is also introduced.

**Mechanisms of accountability**

- *Parental choice*
- *Full performance information*
- *Regular OFSTED inspection*
- *Annual reports to parents*
- *Statutory financial reports and accounts*

Parental choice will in the long term provide the ultimate accountability for schools. If a school cannot attract parents to send their children to it, then that school should fail. Indeed, the freedom of entry and expansion for new and successful schools should hasten the demise of failing schools. There should be no

restrictions on parental freedom of choice, even if they live in Islington or Westminster and want to send their children to schools in Hammersmith.

But to be an effective mechanism, parents need the right and the information to make their choice. For this, all school performance results should be published in national league tables (including those for seven year-olds that are not currently published). OFSTED inspection should of course continue to make regular checks on what is actually happening in schools. The important factor in this assessment is that it should be rigorous, external and independent from national or local government influence.

Schools should continue to provide parents with full annual reports of their performance and policies, but with much more transparency over educational performance and financial affairs. The schools test results should be compared with national standards, so that parents can see how well or badly a school is doing.

The final mechanism of accountability is the production of financial reports and accounts to the usual statutory standards for businesses. It is important that the government and taxpayers should have confidence that the financial resources of the school are being used properly. It would also provide some of the basic information about school performance, which even today it is impossible to obtain on an objective basis: how much it costs to teach a pupil in any given school, and thereby what value for money different schools provide.

## FAILING SCHOOLS

IT WOULD BE A MISTAKE to think that the liberation of schools through the nine freedoms proposed would only help successful schools. They would also make a radical difference to weaker schools.

Reflect for a moment on the recent high-profile resignations of three so-called super-heads, recruited to turn-around failing schools. Why did these highly capable head teachers fail to achieve the change required in their schools? The reason is that they did not have the freedom to make the radical changes necessary to get the schools back on track. Without the financial freedom to use their resources as they might have wished, or the freedom to manage their teaching staff, dismissing the under-performers, or the freedom to expel disruptive pupils to facilitate the education of the others, they had little scope for making the changes necessary for success.

That is what the nine freedoms would give them. A head teacher recruited to a failing school would have real power to manage the staff and manage the school. They could review staff performance and take rapid action to improve it. They could review pupil behaviour and expel trouble-makers. Whatever the problems, a new head would have much more power to deal with them.

With a powerful system of accountability, schools that failed to provide education to an acceptable standard would have no room to hide. Governors could replace poor head teachers; equally, new management teams could replace failing governors. Any school that is failing to provide an acceptable standard of provision



would be vulnerable to take-over bids by new management teams, whether from the private sector or elsewhere in the state sector.

Failing schools would be operating in the context of a system that encouraged good schools to expand, that encouraged parents to move their children to better schools and one, thereby, that encouraged failing schools to decline. This process of creative replacement – replacing failing schools with good schools – is the same as is found in any free economic system. It is preferable to let this system work automatically than to rely on either central or local government to make a decision to close a school, who for any number of political reasons may shirk the difficult decisions.

### **Failing Schools Agency**

But even after all the additional power and fluidity of the new system is taken into account, there will, no doubt, continue to be a role for intervention by some body or agency, whether privately run or governmental, to deal with failing schools, a “Failing Schools Agency”.

For a number of reasons, dangers of market failure are inherent in the school system. There are very few products or services in the economy that consumers are legally obliged to buy, but parents are obliged to send their children to school, whether they want to or not. Indifference and hostility to schools among parents does arise. Because the costs of schooling are paid for by the state, parents may undervalue the service their children receive. Because the real users of the school service, the child, is not the same as the decision-maker, the parent, choice mechanisms will not always be fully effective.

There will be *some* schools which fail. But that does not provide a rationale for regulating *all* schools. What it does demand is a system for dealing with the failures.

So the objective of the Failing Schools Agency would be to focus the only remaining instance of active government intervention on restoring the performance of the bottom tier of schools.

The verdict on which schools are deemed to be “failing” could be made by OFSTED on the basis of its knowledge of individual schools from inspections, examination and test scores of pupil performance and any evidence from the school’s falling pupil role.

OFSTED would notify the Failing Schools Agency of those schools it deemed to be failing. The Failing Schools Agency would then put out to tender a contract to turn around the school. Any suitable organisation would be eligible to bid for the contract, including other schools, head teachers or private sector organisations. The bidder would have to specify:

- the resources that they would require in order to refinance the school;
- what private sector capital they could bring in; and,
- what profit or other incentives they would seek in order to undertake the work.

The best bid from the Agency’s point of view would win the contract, based on a combination of the most credible plan to turn the school around and the least cost to the Agency. The new team would then be given a period of time as specified in the contract – maybe five years – to achieve a standard of education performance that had been specified in the contract.

The schools in the lowest tier of performance would be the focus for intervention. One could imagine the Agency having to deal with maybe 100 schools a year, finding teams to take them over and turn them around. Over a five year period 500 schools – or 2% of the total – could be put through the Agency.

The Failing Schools Agency would have the same legal status as OFSTED and be strictly independent of government interference. As the judge of failure, OFSTED itself would remain as a separate organisation.

## CONSEQUENCES FOR GOVERNMENT

WITH SO MUCH OF THE BURDEN of running schools rightfully passed back to the schools themselves, the scope for government action in education will be much reduced.

### Central Government and legislation

A large body of education legislation would be redundant, probably the entirety of the School Standards and Framework Act, along with large portions of the Education (Consolidation) Act as well. On top of that the piles of guidance, regulations, codes of practice and other statutory instruments that have emanated from the government will no longer be required.<sup>8</sup> The department itself will have a much-reduced role, not one of directing what must happen in schools, but one of encouraging best practice and ensuring the free flow of information. As such it would be radically slimmed down in manpower numbers.

### Local Education Authorities

LEAs would have no direct role in the provision of education in their areas. They would have a strictly arm's-length relationship with schools in their area. Any education provision functions that they currently hold would be out-sourced to other bodies. LEAs would not determine or provide school funding.

<sup>8</sup> See A. Povey, *Plans, Plans, Plans*, Centre for Policy Studies, 1999. In this paper, Povey analysed the 17 different types of plan that central government has imposed on the education system since 1997. That number has probably increased since then.

Consequently, their remaining functions would not necessitate Local Education Authorities as such at all. Local authority responsibilities for education would be more akin to social services activities. LEAs as such could be abolished and the remaining functions wrapped up into local government's social services departments.

Councils could continue to provide support services to schools, to help them with school management or other matters. However, they would have no monopoly right to provide these services. Schools would have the right to buy them from whatever source they wanted, including the private sector or from a neighbouring council if they wished. Any council would only be able to succeed in the provision of these activities if they could persuade enough schools that they provided them effectively.

Local authorities would continue to hold some relevant functions. These would include activities like dealing with the social and emotional problems that some school children have.

Councils might also continue to have a role in monitoring whether there was likely to be a sufficient supply of school places available in their area. They would be obliged to provide information to the public as to their forecasts about future needs for school places, so that everyone could use it in their bids for capital funding.

They would have the right, but not the exclusive right, to bid for capital funding from central government for the establishment of new schools. However, they would be in competition with any other organisation that might want to set up a new school.

The role and scale of the local and central government bureaucracy must be consciously and substantially reduced in the process of liberating schools and transferring power (and indeed funds) back to where it belongs. At the end of the reform process, the governmental machinery should be reduced to the smallest extent possible consistent with the residual roles they will play.

## CONCLUSION

THE SCHOOL SYSTEM TODAY has as much chance of succeeding as the old nationalised industries of the 1970s. Direct control and detailed intervention by central government and LEAs is not the solution to the problems in schools: it is to a large measure the cause of the problems.

The way forward is to delegate to schools, and to the professional teachers in them, real authority and freedom. By giving them the ability to run their schools for the better, the enterprise and talent in the system can be unleashed. By releasing schools from the clammy grip of state control, new leadership can be attracted into schools once again and the high calibre, but increasingly disillusioned, leadership can be retained.

The best performing of schools paid for by the taxpayer should be no more tightly regulated than private sector schools. As long as state-funded schools are kept fully to account in their use of taxpayers' money and in the results they achieve, there is no reason for the government to interfere. The government's role should be one of helping schools with the support they need, not trying to direct what they must do.

This is a radical and coherent agenda for schools for the next government. It can, and should, be put in place rapidly at the beginning of the new administration, so that the debate can centre on the results, not the politics, of change.

## AFTERWORD

IMAGINE A FUTURE BRITAIN where schools are free; where strong independent state schools are run by a proud and respected teaching profession where standards are raising; where central government interference is in terminal decline. Is that the whole of the story?

This agenda is designed to be a coherent logical whole. It involves the reorganisation of the school system on the principles of freedom. It involves the reconstruction of the whole of the supply-side of education. But that is not the whole story.

Once the system is rebuilt, the division between private and public education could be eroded. With the right funding mechanisms, the whole education system of the country would once again be in the private sector.

## APPENDIX

### A LIST OF RESPONSIBILITIES TO BE TRANSFERRED TO SCHOOLS

Item in General Schools Budget	Responsibility
Capital and capital financing	New capital transferred to central fund
Specific grant-related expenditure	Transferred to schools, depending on grant
Education psychology service	LEA
Education welfare service	LEA
Administration of SEN statements	LEA
Other (incl. liability insurance)	Schools
Pupil support grants	LEA
LEA initiatives	Schools
Management and administration	Schools
Advisory and inspection service	Schools
Premature retirement compensation	Schools
Home to school transport	Schools
School meals and milk	Schools
School specific contingencies	Schools
SEN support (with statements)	Schools

## APPENDIX

Repairs and maintenance	Schools
Staff costs (supply cover, training etc)	Schools
SEN support (without statements)	Schools
Insurance (other than liability insurance)	Schools
Peripatetic staff	Schools
Other items	Schools
Libraries, museums, curriculum centres etc	Schools

## A SELECTION OF RECENT PUBLICATIONS

*Special Educational Needs: an analysis of a new growth industry* £7.50

*Dr John Marks*

Are there really twice as many children who need special help at school as there were a few years ago? One fifth of all children are now classified as having some form of Special Educational Need and one-third of the total education budget (£7.1 billion out of £20 billion) is spent on them. The author calls for the reform of teaching practices; a new definition of categories of disability; the use of more special schools for those children with severe problems; and a National Enquiry to establish accurately the use – or misuse – of resources.

*The idea that almost one in five school children have "special education needs" beggars belief... The worrying explanation is that there has been a huge increase in the numbers of children who have not been taught to read and write properly in their early school years – leading article in the Daily Mail*

*Mr Blair's Poodle: an agenda for reviving the House of Commons* £10.00

*Andrew Tyrie MP*

Parliament no longer seems able to protect us from an over-mighty executive. It does not seem able to perform the crucial scrutiny function which should be its priority. It has become the poodle – the plaything – of the Government. Urgent reforms are needed to make the Commons more effective. A number of practical and reasoned suggestions are suggested to give the Commons some teeth, and to raise its status.

*At present, much of the running on Commons reform is being made by Tory MPs – for instance, by Andrew Tyrie in his recent pamphlet – Peter Riddell in The Times*

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