

United Kingdom Education 1997-2001

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Editorial Note and Acknowledgements

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Abstract

This paper reviews the achievements of the Labour Government's education policy between 1997 and 2001. Tony Blair claimed that his Government would make education a priority. The first part of the paper reviews the scale of education spending in relation to the economy at large and within the education budget. The second part of the paper looks at the productivity of schools. How far have the changes that have affected schools in the past ten years and the past five in particular affected the quality of school achievements? The paper suggests there have been significant improvements not just on average but especially in the gains made in poor areas and in the least good schools. Finally the paper discusses the funding of higher education, the introduction of income related loans to cover maintenance and up front fees. The paper concludes some serious errors were made in policy design. Even so the use of the Inland Revenue as the collection agency was a successful innovation and should be built upon.

Keywords: education productivity, higher education finance, Labour education policy

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Introduction

Tony Blair famously described Labour's priorities for government as "Education, Education and Education" in his Labour Party Conference speech of 1996. Five years later we are entitled to ask if that claim can be sustained.

Re-reading Tony Blair's speech it is difficult for an economist to disagree with the diagnosis, at least. The modern economy seems to have a voracious demand for highly skilled people. During the past decade the numbers of young people going onto higher education has doubled as a share of the age group. That represents a quite unprecedented growth in sheer numbers of graduates coming onto the labour market. You might have expected this to depress graduates' earnings relative to non-graduates. In fact, the gap widened in the 1990s and was wider than in 1974 (Machin 1999). The UK's levels of human capital endowment in the working population have been transformed in the past twenty-five years (see Table 1). In 1974 over half of all men between 16 and 69 had no qualifications at all and two thirds of women. Now the figures are 15 per cent and 19 per cent respectively. In 1974 only four per cent of the male work force had degrees. Now 16 per cent do. Only one per cent of women had degrees in 1974. Now 13 per cent do. But it seems this has not been enough. A recent OECD study (OECD 2001) showed that that higher education for women was more powerfully linked to higher earnings than in any other member country and a strong link for men. That suggests a continuing under supply of highly trained people.

Table 1: Highest level of education of 16-69 year-olds in 1974, 1979, 1985, 1990, 1994 and 1999-00 by sex (%)

	1974		1979		1985		1990		1994		1999-00 ^(a)	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Degree	4.2	1.3	7.1	2.7	9.3	12.1	7.0	4.3	11.0	5.6	16	13
Other higher	5.1	5.2	6.5	6.3	8.6	10.6	8.4	7.8	10.4	8.4	8	9
O-level/GCSE	13.8	12.6	14.6	15.2	17.7	22.6	27.4	20.3	19.5	24.6	18	27
No qualification	54.8	65.9	47.6	58.8	38.7	27.6	33.6	46.2	33.6	40.3	15	19

Source: Own calculations from GHS raw data files. Source of 1999-00 data: personal communication from ONS

Note: (a) 1999-00 data refers to the combined quarters: Spring 1999 to Winter 1999-00. For this year “other higher” refers to higher education below degree level; “A-level” refers to A level or equivalent; “O-level/GCSE” refers to GCSE grades A* to C or equivalent; and the data is for males aged 16-64 and females 16-59. CSE/Appr. refers to “Other Qualifications” for this year.

High levels of skill are not just necessary for a successful economy. They also impact on the distribution of income. The spread of skills helps determine the spread of incomes. A low skill labour force attracts and sustains firms that need a low skill mix. Low skills are related to high unemployment and to low pay (Layard et al 2001). High concentrations of those with poor skills in poor areas make it very difficult to rescue areas with high concentrations of poverty as our own work in the Centre for Analysis of Social Exclusion is showing (Lupton 2001). In short it is no accident that the UK has one of the greatest inequalities in educational performance in the advanced economies *and* one of the widest spreads in income distribution. Poor numeracy skills turn out to be one of the strongest predictors of poverty and low income in later life both in the US (Murnane, Willett and Levy 1995). Poor qualifications and low achievement at school are strong predictors of social exclusion in later life on a range of measures even when all kinds of other factors like parental poverty are taken into account (Hobcraft 2000). As the Moser Report (1999) showed we have far more functional illiteracy in the UK than in other European countries.

In short, Blair and his government must be given full marks for getting the diagnosis right. If you want to eliminate child poverty and tackle social exclusion, the key is to raise the basic skills of those at the bottom and ensure an adequate supply of more highly educated people so that they do not get paid scarcity wages.

Policy activity

Here again if sheer legislative and administrative activity were our guide the Government would get high marks. There have been thirty-six major policy initiatives between 1997 and 2001 and no doubt some I have missed! (See Annex 1) No less than a third have to do with some kind of initiative targeted at schools in poor areas or at those with low skills. Another third have to do with expanding apprenticeships, further and higher education. Much of the rest have to do with raising standards more generally.

Some of the most important changes will take a long time to bear fruit. The complete overhaul of the system for training 16-18 year olds – the Foundation Modern Apprenticeships announced in 1997 will begin training 86,000 young people this year on top of 77,000 Advanced Modern Apprenticeship places, a scheme introduced by the last government. After the collapse of such training in the 1980s this looks a very important and welcome change but it is too early to judge outcomes.

Pilot schemes to give grants to low income families to encourage those young people to stay on and reward good performance and attendance began in 1999 and will last for three years before legislation is introduced, learning from the experiments. That is something I have been urging for thirty years! But, again, too soon to see results. The trouble is that educational reforms take a decade to bear fruit – or many do. The Government committed itself to implement nearly all of the proposals in the Moser Report (1999). This puts in place a significant programme to improve the literacy and numeracy skills of adults who have missed out in their years of schooling. It is one of the most important and heartening things the government has done. Once more though it is far too early to see results.

So, high marks to the Government for trying to do things of which economists would approve. But some marks should be taken off for the sheer number and complexity of these initiatives. They produce administrative overload for those on the receiving end.

However, for an economist the real questions are – did the high policy priority manifest itself in more resources and what were the outcomes? Were there improved school outcomes not only for the average child but, especially, for the poor and low performers? Did the changes to funding higher education improve the efficiency and equity of the system?

So I shall concentrate on three issues in this paper:

- overall funding;
- school performance;
- the funding of higher education.

I Education spending 1997-2003

More money for schools is no guarantee of better results. There is a major controversy on just this point amongst economists (Burtless 1996). A recent paper in the *Economic Journal* (Gundlach, Woessman and Gmelin 2001) argues that in most OECD countries over the past twenty-five years, Britain included, pupil performance has remained stubbornly constant even though spending per pupil in real terms has risen. The authors follow Hanushek's (1997) conclusion on US schooling and talk about a 'productivity collapse' in OECD countries' schools. It is teachers, not pupils, who have benefited from increased education spending, they argue. So spending has risen but performance has not. Each teacher is

costing more and producing the same. The output per pound spent on education has fallen.

The authors' figures only go up to 1995. So what has happened since? Does the story still hold for the UK? Before we turn to look at school outcomes we need to examine what happened to education spending in the UK after 1995, and more particularly since 1997?

It has proved extraordinarily difficult to get up to date figures for the UK. The last detailed breakdown of official figures for UK spending on education, at the time of the lecture, were for 1997/8! Devolution may be a good thing in many respects but it makes UK statistics a problem! With the help of some long suffering and helpful civil servants in Scotland, Wales, Northern Ireland and HM Treasury I have put together a time series of education spending series in real terms. It is consistent with that in the last edition of *The State of Welfare* (Glennerster 1998).¹

It turns out that 1975/6 was the high water mark for public spending on education. It reached 6.5 per cent of the GDP in that year. To this we should add another 0.3 per cent private spending. The public spending cuts that followed steadily reduced that share until it reached 4.7 per cent in 1988/9. Demography played a part but only a part of this story. University spending was held down despite a steady rise in the age group 'at risk', for example. See Table 2 for the breakdown of spending by sector. Then education's share began to rise again. It rose to 5.2 per cent in 1994/5. Faced with a decline in state spending private individuals responded by spending more themselves, pushing the total share of education spending in the economy back up to 6.1 per cent. Private spending came to add a fifth to the overall amount the nation as a whole spent on education. There are undoubtedly a complex series of factors lying behind this. Nevertheless, the basic fact has been that when the state has cut back its spending below the rate at which incomes are rising, after a short time lag private spending has risen to compensate, though not of course the benefiting the same people. The percentage of the population going to private schools has *not* increased. (See Annex Table 3.) What seems to be happening is that parents who have children

¹ In fact the Treasury series for education's share of the GDP is not consistent with the Office of National Statistics in the past few years. I am told that this is because the two bodies use a slightly different definition of education! For recent years I have stuck to the Treasury definition since the Treasury's figures are more up to date. The differences only amount to 0.2 per cent of GDP and the trends are the same.

at private schools are prepared to spend more in fees to keep increasing their children's standard of schooling. Fees are rising by six per cent a year in cash terms or 3.5 per a year in real terms (ISIS 2001). That compares with a virtual standstill in state school spending per pupil in the mid 1990s as we shall see. More of parents' money is also going to support their children's higher education and more is being spent on privately and publicly provided training courses.

The public spending recovery was to be short lived. From 1995 public spending on education slipped as a share of the GDP. That began under the Conservatives and, given the Labour Government's determination to keep to the Conservative plans in 1997 it went on falling. In 1998/9 and 1999/2000 it fell to 4.5 per cent – lower than in the depths of the Thatcher cut backs and the lowest figure since the early 1960s (Glennister 1997 for earlier figures).

Essentially what happened was that levels of spending in 'real terms' remained static while the GDP rose. However, the measure of 'real terms spending' as used by the Treasury merely takes into account the rise in *general* inflation. If incomes in general are rising as the GDP rises, the pay of teachers and other staff needs to rise too otherwise the relative quality of teachers that can be recruited will fall.

Public spending did begin to rise again in 1999. The figure for this financial year is 5.0 per cent and, according to the Treasury as a result of the last Comprehensive Spending Review it will be 5.3 per cent of GDP by 2003/4 (HM Treasury 2000). Even that would only put state education spending back to the levels of the early 1990s! See Table 2.

So by no stretch of the term "priority" could it be said to have applied to state education spending in the first two years of the Labour Government. Within that total spending on nursery and primary schools did continue to rise after 1997 at the same time as there was a fall in the size of that population. This is where the Government put its priority. The Government was able to use that demographic breathing space to extend pre school education to all four year olds whose parents wanted it. As a result the percentage of three and four year olds in school rose from 58 per cent in 1996/7 to nearly 64 per cent in 2000 for the United Kingdom as a whole. This still leaves us with a lower participation rate than most European countries for 3-4 year olds but a higher one than North America (See Annex 3 Tables 1 and 2).

Table 2: Real Expenditure on Education, United Kingdom (£ Billion at 1995/6 Prices, Adjusted By GDP Deflator)

	Current spending (net)			Higher, further, and adult education	Other ^a	Related ^b	Total Current		Total capital grants	Total student expenditure on education	Private expenditure on education ^c	Public expenditure on education as % of GDP	Total expenditure on education as % of GDP
	Primary	Secondary					Total	Current					
1974/5	6.6	7.8	6.4	1.7	2.6	25.1	3.7	1.3	30	1.5	6.4	6.7	
1975/6	6.7	8	6.4	1.8	2.7	25.6	3.4	1.4	30.3	1.6	6.5	6.8	
1976/7	6.2	8	6.3	1.8	2.8	25.6	2.9	1.3	29.9	2	6.2	6.6	
1977/8	6.2	7.7	6	1.8	2.5	24.4	2.2	1.2	27.8	2.2	5.6	6.1	
1978/9	6.2	7.8	6	1.9	2.6	24.6	1.8	1.3	27.7	2.3	5.4	5.9	
1979/80	6.1	7.6	6.1	2	2.7	24.4	1.7	1.4	27.5	2.3	5.2	5.7	
1980/1	6.3	8	6.4	2.1	2.5	25.3	1.8	1.4	28.5	2.4	5.6	6.1	
1981/2	6.2	8.2	6.3	2.1	2.4	25.2	1.4	1.4	28	2.6	5.5	6.1	
1982/3	6.1	8.2	6.4	2.1	2.5	25.3	1.4	1.4	28.1	2.7	5.4	5.9	
1983/4	6.1	8.3	6.6	2.2	2.5	25.7	1.4	1.5	28.5	2.5	5.3	5.8	
1984/5	6	8.1	6.6	2.2	2.5	25.5	1.2	1.5	28.1	2.6	5.1	5.6	
1985/6	6	8.1	6.6	2.2	2.5	25.4	1.2	1.4	27.9	2.6	4.9	5.4	
1986/7	6.5	8.6	7	2.5	2.2	26.9	1.2	1.3	29.4	2.8	4.9	5.4	
1987/8	6.9	8.8	7.2	2.5	2.2	27.6	1.2	1.2	30.1	2.9	4.8	5.3	
1988/9	7.2	8.8	7.2	2.6	2.1	28	1.2	1.3	30.4	3	4.7	5.1	
1989/90	7.6	8.8	7.5	2.8	2.2	28.8	1.6	1.2	31.7	3.4	4.8	5.3	
1990/1	7.7	8.5	7.6	2.9	2.2	28.9	1.6	1.3	31.8	3.8	4.8	5.4	
1991/2	8.1	8.7	7.7	2.9	2.4	29.9	1.7	1.6	33.1	4.5	5.1	5.8	
1992/3	8.9	9	8.1	2.5	2	30.5	1.6	1.9	34	5.1	5.2	6	
1993/4	9.1	9	8.7	2.4	2	31.3	1.6	2.1	35	5.4	5.2	6.1	
1994/5	9.3	9.1	8.9	2.5	2.3	32.3	1.8	2.3	36	5.8	5.2	6.1	
1995/6	9.4	8.8	10.7	2.4	2.2	33.5	1.7	1.7	36.8	6.4	5.1	6.1	
1996/7	9.4	8.9	11	2.8	2.2	34.3	1.2	1.4	36.9	6.8	4.9	6	
1997/8	9.8	8.8	11	2.8	2.2	34.5	1.3	1.2	37	7.3	4.8	5.9	
1998/9	10	9.5	9.5	2	1.7	32.7	1.4	1.6	35.7	7.5	4.5	5.6	
1999/00	10.4	10.1	9.4	2.5	1.2	33.6	1.5	1.4	36.6	7.9	4.5	5.6	
2000/1	11.4	10.9	9.8	2.6	1.3	36	2.4	1.5	39.9	8.2	4.8	5.6	
2001/2											5		
2002/3											5.3		

Notes: Italics indicate author's estimates; (a) Special schooling and other spending on administration; (b) School health and welfare service, school meals, youth service, transport, VAT. (c) Private consumer spending on education from ONS 1997b: table 4.7 and previous editions.

Sources: Glennerster 1998., ONS (1997b), DfES Departmental Report 2001, Treasury website, Personal communications

Table 3: English and Scottish class sizes as taught, 1977-2000/1

	1977	1980/1	1985/6	1990/1	1993/4	1996/7 ^(b)	1997/8	1998/9	1999/00	2000/1 ^(c)
English primary schools										
% of classes taught with 31 or more pupils	43	30	26	26	32	28	29	26	22	17
Average size of class (nos.)	27	25	26	26	27	28	28	28	28	27
English secondary schools										
% of classes taught with 31 or more pupils	20	13	10	4	8	6	7	7	8	8
Average size of class (nos.)	21	21	20	21	22	22	22	22	22	22

Source: ONS 1997a, Table 3.6 for 1980/1 onwards. Private communication from DfEE. Source for data from 1996/7: DfES, personal communication

Notes: (a) Public sector schools only. Excludes classes taught by two or more teachers and sixth form colleges. (b) For data from 1996/7 primary and secondary schools classes includes middle schools as deemed and exclude sixth form colleges. (c) 2000/1 figures are provisional.

Table 3 continued

Scottish primary schools	1997/8	1998/9	1999/00	2000/1
% of classes taught with:				
1-20 pupils	12	11	12	14
21-30 pupils	68	71	73	72
31 or more pupils	21	19	15	14
Average size of class (nos.)	25	25	25	24

Scottish secondary schools	1996/7	1997/8	1998/9	1999/00	2000/1
Pupil/teacher ratio	13	13	13	13	13

Source: Personal communication from Scottish Executive

Note: (1) secondary school class information is not available due to the structure of the curriculum; (2) primary school class information is not available prior to 1997/8; (3) primary information is for single stage classes only; (4) classes of 30 or more with 2 teachers have been removed from the data, except in 1997/8 where this was not possible.

The number of primary classes in England with over 30 pupils was reduced from 28 per cent in 1996/7 to 17 per cent in 2000/1. However, the average size of class barely changed – classes presumably fell from just over 30 to just under the magic number. See Table 3 above. There is a similar trend in Scotland, though class sizes were lower there to start with.

The size of the secondary school population on the other hand continued to rise. Nearly all the extra funding there went to teach the extra pupils. It was not until 1999/2000 that real *per pupil* spending in secondary schools rose above the 1995/6 levels in England and a year later in Scotland. See Table 4. From then on the government are promising a much larger boost in per pupil spending for both primary and secondary schools up by over a quarter in real terms by 2003/4. Welcome though that is it has been a long time coming.

State funding per head for further and higher education fell steadily through the 1980s and early 1990s (Glennerster 1998). It has continued to do so. Per pupil public support for higher education fell by ten per cent between 1995 and 1997 and has only roughly stabilised since. See Table 5. To this public funding the Labour Government added the additional fees richer students were required to pay after autumn 1998. More about that later.

Table 4: Funding per pupil, Real-terms index 1995/6 = 100

	1995/6	1996/7	1997/8	1998/9	1999/00	2000/01	2001/2	2002/3	2003/4
England^(a)									
Primary Index	100	99	97	102	107				
Secondary Index	100	99	97	98	102				
Scotland^(b)									
Primary Index	100	99	98	98	101	104			
Secondary Index	100	99	97	97	100	101			
UK^(c)									
All schools Index	100	100	100	102	106	113	120	125	129

Source: Department for Education and Science 2000, Scottish Executive

Notes: (a) School based expenditure per pupil; (b) Budgeted school running cost per pupil; (c) Revenue funding per pupil

Table 5: Funding per Student in Higher Education, England, 1995/6 to 2003/4

	1995/6	1996/7	1997/8	1998/9	1999/00	2000/01	2001/02	2002/03	2003/4
Real-terms index	100	93	91	90	90	90	91	91	91

Source: Department for Education and Science 2000
Full-time equivalent students

II School performance

So schools gained little by way of extra resources between 1995 and 1998/9. What of their performance? The criticism levelled by the authors of the *Economic Journal* paper and their American predecessors is that state schools perform badly because they exist in a competitive free environment and have no external form of performance measurement to act as an external spur. Now neither of these general points any longer holds for the United Kingdom.

Schools, and primary schools in particular, have been subject to the biggest change in the pattern of incentives that govern them for a generation. Much of the rationale for these big changes came from economists. They argued that control of school resources should be devolved to the level of the school. That would permit decisions about staffing, the mix of staff and technology, the choice of suppliers and control of maintenance work could all be done where the knowledge about the local situation was richest and where performance could be monitored and corrective action taken most effectively (Chubb and Moe 1990; Ladd 1996; Burgess 1997). When a child kicks a ball through a window it is no longer necessary to send a request to County Hall for someone to appear six months later to mend it. An odd job man down the road can do it that night.

On the other hand knowledge about relative standards your pupils were achieving or exactly what to teach and how best to do it may not lie at the level of the individual class room teacher- the old British tradition. Hence the case for a National Curriculum and national tests which set relative standards and, more recently, prescribed literacy and numeracy hours. It is all too easy and understandable for a teacher faced with a difficult class or a subject she or he is not too confident in to spend time on other tasks. As my wife, who used to teach maths to intending primary school teachers, once observed – “Most of my students are scared stiff of maths and take every excuse not to teach it if they can.”

On its own that was not enough. There had to be some incentives for schools to perform on and not inside their production possibility frontier. That was to be achieved by a whole series of pressures schools were put under by the previous government – greater parental choice backed up with pupil based funding (quasi market vouchers), the national testing of pupils and the publication of results. It is certainly true, as many parents complain, that they cannot get their children into

the most popular schools. They do not expand to meet demand any more than the top private schools do. But the threat of parents taking away their child or not choosing a school if it is performing badly, and hence not bringing their money with them, does act as a real incentive to worry about the schools academic results. This has both good and bad consequences as we discuss later. But the lack of an efficiency motive, of which the authors of the *Economic Journal* paper complained, is no longer true. The full system of testing pupils at 7, 11 14 and 16 did not come into effective force until 1995 /6.

Taken together, and for good or ill, this was a series of measures that derived to a significant extent from micro economic theory. It marked a profound change in the assumptions under which schools operated. The interesting thing for this paper is that, unlike in health, where much of the quasi market reforms were diluted by the incoming Labour Government, the Thatcher education reform package was retained and, if anything, strengthened. More of the budgets were devolved to schools. There was no let up in performance testing or publication of results and on top of this an experiment begun under the previous administration was introduced nationally and extended to mathematics - literacy and numeracy hours. These set recommended ways of teaching these subjects for a given period of time each day.

Before examining what has happened since 1995 and 1997 it is worth reminding ourselves what had been the record of pupil performance in British schools in the previous thirty years. We only have comparable results over time for maths. That means we do not know how far changes in maths achievements are representative. There are difficulties in measuring skill levels over time – syllabi change. But maths is a core skill and the basics can be tested and do not change all that much. With all those qualifications what these surveys suggest is that there had not been any significant improvement in basic maths capacity of early years secondary school children since the mid 1960s, indeed, a small decline. They also suggested that the poor performance of the very lowest achievers that has characterised British education for so long had continued.

More recent trends in science scores showed some improvement. The number passing O level, GCSE and A level have improved over the same period but GCSE significantly changed the nature of school leaving exams and the numbers gaining A level are as much affected by staying on rates as basic skill knowledge. (For a summary of the trends, sources and caveats see Glennerster 1998). So, despite the caveats the balance of evidence suggests that basic maths skills possessed by early

years secondary school children had not improved for a long period up to 1995. It is against that background that the results of the national attainment tests are so surprising.

These tests are designed to see how far pupils achieve certain standards deemed necessary to be a functioning citizen. Levels of expected achievement are set for ages 7, 11, 14 and 16 (see Figure 1).

Figure 1: National Achievements Tests

Key Stages	Levels	Ages
1	1 + 2*	7
2	3 + 4*	11
3	5* + 6	14
4	7 + 8	GCSE

Source: DfES Statistics Bulletins: 04/98; 08/99; 03/00; 04/01

* expected level of achievement

Table 6 shows the percentage of pupils reaching the expected levels at each age in the tested subjects.

The overall pattern of results is very clear. There has been a steady improvement at all levels and in each subject, apart from the occasional blip, across all five years. The improvements have been particularly striking at **level four** – the end of primary school. For example, by the end of primary school the percentage of pupils gaining the expected levels of competence in maths was 70 per cent in 2001. This was up from 45 per cent in 1995. The pace of improvement quite naturally slowed in the past year but was continuing across the board at level 2, in writing and science at level 4 and in maths at level 5. Reading and maths scores had fallen back slightly at level 4. Nevertheless, the picture over the whole period remains remarkable, if we can believe the figures, a point we discuss more below.

It is impossible to assign relative weights to any one of the measures we listed previously but in combination they do seem to have produced a step change in pupil outcomes at least in primary schools, and this despite minimal extra resources given to schools in the period in question.

Table 6: Overall Performance 1995-2000, Maintained Schools, % Reaching Expected Levels

	1995 ^(a)	1996 ^(b)	1997 ^(c)	1998	1999	2000	2001 ^(d)
Level 2							
Reading	78	78	80	80	82	81	84
Writing	80	79	80	81	83	84	86
Maths	79	82	84	85	83	90	91
Level 3							
Reading	49	57	67	71	78	83	81
Writing	-	-	53	52	54	55	57
Maths	45	54	62	58	69	72	70
Science	70	62	69	69	79	85	87
Level 5							
English	55	57	57	65	64	64	64
Maths	58	57	60	59	63	65	66
Science	56	57	60	62	55	69	66

Source: DfES Statistical Bulletins: Table 19,4/98; Table 18, 4/01, SFR40 2001

Notes: (a) participating schools 90%; (b) 95%; (c) 90%; (d) provisional

With the exception of a temporary drop once in science at level 5 and very marginally in Maths level 4 and 5 there has been consistent improvement, some modest, some very substantial, especially at level 4.

We should, however, be properly sceptical.

- Is it just that children and teachers have learned how to do tests and there is no real underlying improvement? The fact that the improvements have lasted as long and been so large makes that a doubtful excuse.
- Perhaps a large number of heads are cooking the books. I find that difficult to believe even if the odd case has emerged.
- More firm counter evidence may be the tests administered to a national sample of children aged 13 in 1999 as part of a regular international survey of achievement – the International Association for the Evaluation of Educational Achievements reported in (OECD 2001). Maths and science scores in 1999 did *not* show up as statistically different compared to those of 1995. The range of skills measured in this international survey are not the same as the national tests in England. They apply to secondary schools. They only apply to a sample of schools and the incentives children have to try to do well in them is minimal. The national assessment tests matter to the teachers and the pupils. Finally, the

progress we reported above was particularly strong for primary and not secondary schools. Nevertheless, future results of this international survey must be watched with care.

Poor schools?

One of the fears critics of the new system of school choice and school funding expressed (Glennister 1991) was that it would increase the gaps between schools and especially those in richer and poorer areas. In practice the combined effects of all the strategies we have described does *not* seem to support this fear though far more could be done to guard against possible perverse effects.

Table 7 shows what has been happening in the median school in each year (that is the middle school if all were ranked from top to bottom). But it also shows the scores of the school just in the top quarter and the school just in the bottom quarter of schools the 75th and the 25th percentile schools. We show the results at Key Stage 2 or at eleven years in Table 7. Comparable results for the other levels are shown in the Annexe Tables. Detailed figures of this kind are only available up to the year 2000.

If anything there has been a *greater* improvement by the lowest performing schools. This is again especially evident in the primary schools. The gap between the top and bottom quartile school in maths at age eleven was 32 per cent in 1997 and 25 per cent in 2000. It narrowed from 30 to 24 points in English and from 28 to 19 points in science.

The narrowing at the end of secondary school is nothing like as great, as can be seen from Annexe tables 4 and 5. However, the effect is still there. By the age of fourteen the gap in English between the top quartile school and the bottom was 32 points. It was 26 points in 2000. There was little change in the gap in maths and science – merely an improvement across the board. But there was no *widening* gap.

Table 7: Gap Between the Scores Of Schools 1995-2000 (Maintained Schools)*

Key stage 2: 11 years Level 4+	1995	1997	1998	1999	2000
English					
75 th percentile	65	78	80	84	88
Median	50	67	67	73	78
25 th percentile	35	52	52	61	64
Maths					
75 th percentile	63	78	75	83	85
Median	47	65	61	72	74
25 th percentile	31	50	44	59	60
Science					
75 th percentile	88	86	85	92	96
Median	76	73	73	83	88
25 th percentile	60	58	57	71	77

Source: DfES Statistical Bulletins: Table 19, 4/98; Table 18, 4/01

*Figures are for the 75th percentile school, median and 25th percentile school. They show the % of pupils in these schools who have reached the expected level.

The gap between the top and bottom schools narrowed in each subject.

Table 8: Interquartile Range Of Schools - % Of Pupils Reaching Expected Level

Key stage 2: 11 years Level 4+	1995	1997	1998	1999	2000
English	30	26	28	23	24
Maths	32	28	31	24	25
Science	28	28	28	21	19

The gap between the top and bottom schools narrowed in each subject.

Perhaps even more striking is the fact that the schools with a high number of pupils on free school meals (over 40 per cent) have been catching up with the schools where less than five per cent of pupils have free meals. Free school meals take up, as an indicator of poverty, has been highly correlated with poor school performance. If we take the median school in each group as the indicator we can see that in 1997 only 37 per cent of children at eleven had reached their expected levels of performance in English and Maths. (See Table 9). By 2000 that figure had increased to 55 and 53 per cent with science achievements up from 45 to 70 per cent of children. These are extremely encouraging results

though we only have to look at the figures for key stage three to be depressed again. In 1997 *no* child in these schools reached the expected levels in either English or Maths or Science. No one did in English in 2000 and only 13 and 14 per cent in Maths and Science. So in these schools in poor areas a huge amount still needs to be done.

Table 9: Poor Schools

Median schools in group	Rich			Poor		
	1997	1999	2000	1997	1999	2000
Key stage 1						
Reading	91	93	94	62	67	70
Writing	92	94	94	62	68	71
Maths	94	91	98	70	76	81
Key stage 2						
English	80	87	89	37	48	55
Maths	79	85	86	37	49	53
Science	85	92	95	45	60	70
Key stage 3						
English	75	84	83	0	8	0
Maths	78	82	83	0	9	14
Science	79	78	79	0	5	13

Source: DfES Statistical Bulletins: Table 19, 4/98; Table 18, 4/01

Rich = up to 5% with free school meals; Poor = over 40% with free school meals

Certainly our study in CASE of the views of parents in very poor areas about their services supports these results (Mumford 2001). Nearly half felt their primary schools, in particular, were getting better. The reasons they articulated included some special measures taken to improve a failing school, the introduction of home work, after school activities, improvements to the physical building, hearing about improved academic results, the expulsion of bullies and increasing sensitivity to the needs of ethnic minority populations.

Table 10: Difference In % Of Pupils Reaching Expected Levels In Rich And Poor Schools

	1997	1999	2000
Key Stage 1			
Reading	29	26	24
Writing	30	26	23
Maths	24	15	17
Key Stage 2			
English	43	39	34
Maths	42	36	33
Science	40	32	25
Key Stage 3			
English	75	76	83
Maths	78	73	69
Science	79	73	66

Source: DfES Statistical Bulletins: Table 19, 4/98; Table 18, 04/01

A slow improvement in poor schools at Key Stage 1 and 2. A long way to go at Key Stage 3. Rich = up to 5% with free school meals. Poor = over 40% with free school meals. Median schools in group used for analysis

- What caveats should we enter about these figures?
- First, it will be objected that there is a ceiling affect. The schools at the top are already near the targets. They have little room for improvement. The schools at the bottom have nowhere to go but up. The problem with that objection is that it also held for the thirty years in which no improvement took place. This is a real change.
 - It is true that the top schools may be doing even better beyond the expected levels. Inequality may not have improved. This is the old argument between relative and absolute poverty. Both matter. And to my mind absolute poverty, or in this case functional illiteracy, matters more. It may be that in the rich schools some pupils are much quicker at reading their Harry Potter or using the internet in ways that go beyond the scores set in the national tests. But that was not what the government set out to achieve. It wanted to raise all children's skills to a minimum level. What matters is that there has been a real improvement in poor children's basic skills, their capacity to function in modern society.

So to return to Gundlach et al's paper in the *Economic Journal* earlier this year, the "productivity collapse" they describe hardly seems to fit the UK in the past five years. Spending stagnated but output grew in a way unseen for thirty years. It could be called a "productivity explosion." The reason seems to be that the combination of reforms in the past decade have made a difference. The reforms include: devolved budgetary responsibility, the setting of national standards, some degree of parental exit power with money following pupil and school choice and some requirement by the centre to follow 'good practice' – the numeracy and literacy hours. It is impossible to disentangle the precise contribution of each element of these reforms. They mostly happened together and are interdependent. Some reforms happened earlier – notably the introduction of GCSE. The quasi market elements probably most affected secondary schools and the numeracy and literacy hours only affected primary schools.

One of my worries early on (Glennerster 1991) was that such competition would merely induce cream skimming or competition for the better pupils rather than improved efficiency. There is conflicting evidence on cream skimming (Gorad and Fitz 1998; Gerwitz, Ball and Bowe 1995). However, not all the competition to attract better pupils has been successfully achieved by the better schools. The incentives to undertake it are greatest for the least well performing schools. Research done in poor neighbourhoods by CASE suggests that one response of head teachers in poor areas has been to go out and actively woo a wider mix of pupils by selling their school beyond its traditional recruitment area. This has plausibly had spin off, or peer group effects, on poorer pupils in such schools, as well as raising the average score of the school by the mere presence of more able or motivated students. We know that less able pupils gain more from a mixed ability environment than able pupils lose by leaving a more select environment (Robertson and Symons 1996). In short we need to know a lot more about the dynamics that have lain behind these changes in pupil performance.

It is clear, however, that many of the most deprived schools face very little effective competition. Few parents in very poor areas seek to send their children to schools beyond their most local one. The exit sanction is weak. Moreover, there are still incentives for schools to cream skim. Value added scores for schools in the league tables remain very slow in coming. The Government has not done enough to compensate schools for the extra demands that poorer performing or difficult pupils put on the school. Ideally, a school should be indifferent between accepting a child with differing potential or problems compared to

another pupil. If it were to receive sufficient additional rewards for taking difficult pupils that could be achieved. We have to find a more rigorous and evidence based allocation to schools in deprived areas.

III Funding higher education

One of the most fundamental changes the Labour Government made was in the funding of higher education. Here they had the opportunity to put right the previous government's mistakes and failed. Indeed, the very things they got right about schools they got wrong with higher education. There now seems some prospect of a rethink if the papers are to be believed.

Economists have been advocating some kind of student loan scheme as a way of funding higher education ever since Milton Friedman's proposals in 1962. The previous Conservative Government had partially gone down this road. The scheme forgave loan repayments from the poor but had many of the characteristics of a mortgage loan and it only covered some of the costs of maintenance. Others had long argued against mortgage type loan schemes. They would deter poor students and be unfair on later low earners. Much better to have fully income related repayments and those who did well out of higher education should repay at least some of the cost of tuition. My own first published paper as a new lecturer at the LSE back in 1968 (Glennister et al 1968) suggested a Graduate Tax – using the income tax system as the repayment vehicle. I saw it as a way to fund a rapid expansion of higher education without diverting large sums into the pockets of the present and future middle classes! For a time it seemed as if the Labour Government was about to implement that idea.

After a major enquiry into funding higher education the Dearing Committee reported in 1997 just after the Election (Dearing 1997). It recommended that graduates should make a contribution equivalent to 25 per cent of the average cost of their tuition *while they were in work* on some income contingent basis. (Recommendation 79) This was much in line with what many economists had been recommending and was similar to the scheme the Australian Government had introduced in 1989.

In the end the UK Government only partially implemented these ideas and did so in a way that was both unpopular, misconceived and only raised a tiny amount of cash.

The first leg of the government's plan was to transform the maintenance grant into a more generous income contingent loan made through the Student Loans Company that would be repaid through the Inland Revenue. This minimised dangers of default and provided an efficient repayment mechanism linked to an individual's taxable capacity and their benefit from the system. This was a major breakthrough. For years the Inland Revenue and the Treasury had resisted this idea. It meant that more generous support could be given to students without the full cost appearing as public expenditure. Since part of the risk was being taken by the Student Loans Company and students would be paying for part of the cost of the loan future burdens on the taxpayer would be minimised. That was all before the days of resource accounting. Now the effect will be more transparent and the benefits of the new system will be that much greater. Thus far so very good.

However, the Government then made a number of crucial errors (Barr 2001).

Fees

It needed cash for the universities then and there. They were in a bad way financially. Their cash per pupil had been cut by ten per cent as we have seen. Some were on the edge of bankruptcy. For them to receive deferred fees from students several years later would have been no help. The Treasury was not prepared to accept that increased support for universities in the interim should not count as public spending despite the increased revenue stream such a scheme would engender. So the government went for means tested fees paid up front. That extra could then be paid directly to universities without raising public expenditure. Poor students would be exempt but parents of the richest third would pay £1000 a year. At a stroke this got the whole scheme a bad name.

- It went back on the principle of undergraduate education being free at the point of use. The hostility to breaking this principle has over lain the other much more sensible system of income contingent loans for maintenance costs. The fact that fees are not paid by children of poor parents is something very few seem to realise. So a bad signal is sent out despite the attempt to help the poor.
- Precisely because such a move was unpopular the fee level was kept low and it only applied in full to a minority of students. As a consequence the sums raised in fees were tiny in relation to universities' needs. The total revenue from undergraduate

statutory fees amounted to only £350 million in England in 2001/2, rising to £400 million in 2003/4. (Hansard Written Answer 9 July 2001). Total spending on higher and further education was running at £ 10 billion at the turn of the century See Table 2.

- Nor could institutions vary them to reflect the different costs of teaching in different institutions or to compete on quality and cost.
- Fees did not vary by subject though some subjects cost five times as much as to teach as others. The student is indifferent between an expensive engineering course and a cheap course in maths and computing which are the skills many employers are looking for in engineering students!
- It relied on parents' willingness to pay and not on students' own decisions about whether the price was worth paying at some future date.
- Risks of failure or poor performance faced by working class students do appear to be greater than for middle class students (Naylor et al 2001). There were other ways to address this problem if policy makers wished to than a means tested fee. Maintenance grants for six formers from low income families see below might be a way forward.

Loans for Maintenance

The new way to fund student maintenance, a loan repaid through later tax payments, also had major weaknesses.

- Critically, the government set a nil real rate of interest. The sum to be repaid was the amount borrowed indexed for prices and that was all. This meant two things.
 - ◆ When the Treasury calculates the cost of the loans scheme to public expenditure the loan subsidy element is a large one. It amounts to about a third of the cost of the scheme (Barr 2001). The potential benefits are thus much reduced.
 - ◆ It encourages rich parents to use the scheme. Who after all would turn up the chance of an interest free loan if they can help it? Such, at least, was American experience of non-means tested cheap loans for students. It increases the public spending cost of the scheme to no good purpose.
- Partly to offset this tendency, the availability of the loans is limited. There is a means tested ceiling to the loans available dependent on parental income and scholarship income. This makes the whole scheme vastly more complex than it need be. Instructions to local authorities on how to operate the scheme

amount to 150 pages. There is a disincentive for universities to offer scholarships to poor students and much else.

- The limits to the amount students could “borrow” were too low especially for students living in high cost areas.
- The threshold at which repayments begin is too high. Too many do not repay or repay late. Taken together with the nil interest this reduces the revenue still further. To put it another way, for the same revenue you could set a lower repayment percentage.

Scotland

The fees issue became a major element in the Scottish elections and after the coalition Government was formed there the Scots went nearer to producing a sensible scheme. Fees would be paid back after graduation through the same mechanism as the maintenance loan – the Inland Revenue. Again, so far so good.

However, the scheme still uses a nil real interest rate and has a much higher threshold than in England £17,500 nearly twice the English level. Thus the Scots get even less relief to their public spending limits than the English.

Central controls

Along with a complex and centrally controlled system of funding has gone a steady increase in other kinds of “quality” control largely concerned with process and not with outcome. For the last Teaching Quality Assessment Review I remember weighing the material we, as a single department had been asked to submit. It came to about a fifth of a ton!

A balance sheet

The good thing is that we now have in place, especially in Scotland, an effective mechanism for collecting income contingent repayments for both maintenance grants and fees. The bad thing is that this mechanism has been tainted by the introduction of up front fees and has not been implemented in such a way as to maximise the revenue and public spending gains that could have accrued. The potential available revenue could be used to enhance access from poorer groups. So far as we can see the changes in student support in the 1990s has not worsened differential social class access. See Table 11. This may come as a surprise, given the bad press both loans and fees have had. The reasons may include:

- The important thing to remember is that differential social class drop out occurs long before people apply to go to university. It happens at 16. That was true when the Robbins Committee reported in 1963 and it is still true.
- The other factor that affects social class access is the width of the gate through which applicants have to pass. The narrower the gate the more the middle class gain. The wider the gate relatively more working class students enter. Robbins (1963) again showed this. The expansion of the 1990s had a similar result despite the possible adverse effects of the changes in funding. This shows how important it is to keep the gate wide.
- The private rates of return gained by middle class children from staying on are less than those gained by working class children (Bennett, Glennerster and Nevison 1992). They already have parent and friend networks that give them privileged access to the labour market whether they went to university or not. Facing them with at least some of the costs of higher education may have deterred the marginal student and have done so quite appropriately. Already about four fifths of professional class children were going to university in the mid 1990s.²

² Since this lecture was given the Government have announced a review of higher education finance and student support (*Times Higher Education Supplement*, October 5 2001).

Table 11: Participation rates in higher education in Great Britain: by social class, 1991-99, %

	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99
Professional	55	71	73	78	79	82	79	72
Intermediate	36	39	42	45	45	47	48	45
Skilled non-manual	22	27	29	31	31	32	31	29
Skilled manual	11	15	17	18	18	18	19	18
Partly skilled	12	14	16	17	17	17	18	17
Unskilled	6	9	11	11	12	13	14	13
All social classes	23	28	30	32	32	33	33	31

Source: Social Trends Dataset, personal communication from ONS.

Note: The number of home domiciled initial entrants aged under 21 to full-time and sandwich undergraduate courses of higher education in further and higher education expressed as a proportion of the averaged 18-19 population. The 1991 Census provided the population distribution by social class for all years. This may have changed. If it has it is likely that the population base for the professional and managerial as well as the non-manual group will be higher than in 1991 - the manual group lower. This will over estimate the figures in the table for the manual groups and underestimate for the higher social groups.

In Brief

In brief we can say that in first four years of the Labour Government took a number of important policy initiatives but let education spending fall to its lowest point for four decades (For the historical figures see Glennerster 1997). Despite that, standards improved significantly in primary schools as a result of a series of measures begun by the previous government and pushed further by this one. Not only did average standards of achievement rise but the gap between the lowest achieving schools and the rest narrowed in terms of reaching target levels. So too did the gap between schools with many poor pupils and richer children's schools.

Performance by the end of secondary school has improved far less. The performance of schools in poor areas, or with a high percentage of poor pupils, is still dramatically below that of even the average school. It is here that our policy ingenuity has to be focused. There are some promising policies in the pipe line – maintenance grants for poor children to make staying on more financially attractive, vocational courses, bursaries for children from poor schools at university. But this

nut will be harder to crack. We have done far too little to offset the incentives for schools to cream skim the most able or the least difficult to teach.

Important changes were made in the funding of higher education. Here the government got it partly right and partly wrong. Using the Inland Revenue as a way to collect back some of the gains the higher paid reap from the taxpayers' investment in them was a bold step that has worked. The pity is that the same principle was not applied to tuition fees. Here the Scots have got it more nearly right. Even here, though, the loan is interest free. This wastes part of the advantage in public spending terms and makes it less possible to use the extra revenue where it should be used - on raising the participation of those from poor families in higher education.

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Annex Tables

Annexe 1: Labour's Education Policy Initiatives 1997-2001

Major Legislation/ Reports:

1. 1997 *Education Act*
2. July 1997 *Excellence in Schools*, White Paper,
3. July 1997 *Dearing Report on Higher Education* submitted; Government's *Higher Education in the 21st Century, A Response to the Dearing Report* followed in February 1998
4. 1998 *Teachers, meeting the challenge*, Green Paper
5. May 1998 *Our Healthier Nation, Green Paper, including Healthy Schools Programme*
6. July 1998, *School Standards and Framework Act*
7. July 1998 *The Learning Age*, Green Paper on Lifelong Learning
8. July 1998, *Modernising Public Services for Britain*, White Paper, including Sure Start Programme
9. July 1998, *Comprehensive Spending Review*
10. 1999 *Teaching and Higher Education Act*
11. March 1999 *Improving literacy and numeracy A Fresh Start*, Moser report
12. June 1999 *Learning to Succeed*, White Paper
13. February 2001, *Schools Building on Success*, Green Paper
14. January 2001 *Skills for Life* outlines Government's plans for how to tackle the problem of adult basic skills
15. February 2001 *Opportunity for All in a World of Change*, White paper outlining Government's plans to tackle the UK's productivity gap by upskilling the workforce, encouraging enterprise and innovation

Major Education Policy Initiatives: 1997-2001

Date	Policy Initiative	Description	Source
Began 1994	Specialist Schools	Expansion of the scheme has continued. There are now 689 specialist schools. Part of the government's strategy to develop an individual 'ethos' in each school. The Green Paper, <i>Schools: Building on Success</i> , proposed expansion of the Specialist Schools programme to 1000 by September 2003 and 1500 by September 2006.	DfEE website ^a
1997	National Literacy (1998) and Numeracy (1999) Strategies	Aim: to raise standards in schools. Literacy Strategy follow on to "National Literacy Project, run on pilot basis between 1996-98. Targets set; Literacy and Numeracy Hours introduced in schools; Literacy Consultants appointed to train and support schools.	DfEE website ^b
1997	The Standards Site	Web site set up integrating information and guidance on government measures to improve standards in schools.	The Standards web site ^c
May 1997	Summer Literacy Schools	Summer Literacy Schools were set up for the first time as a national pilot scheme in May 1997, to support the National Literacy Strategy. The purpose was to learn from experience about how summer schools might support the long term strategy to raise literacy standards in this country.	The Standards website ^d
July 1997	Fresh Start	A Fresh Start involves the closure of a failing school, ie. Schools in special measures/ with serious weaknesses/ subject to a formal LEA warning, or achieving less than a 15 percent rate for five good GCSEs, and the opening of a new school on the same site. It is up to the LEA to plan and implement a Fresh Start , with guidance from the Department for Education and Skills, providing a Fresh Start support programme and funding.	Skills' Standards and Effectiveness Unit; DfES website.
July 1997	New Deal for Schools	A five year programme aiming to improve the condition of school buildings and enhance facilities for technology, thereby helping to raise educational standards.	DfEE website ^e

August	Early Excellence	29 Centres are developing "spreading good practice in integrated education,	DfEE Management
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1997	Centres	care and support services”. “The programme offers models of high quality practice in providing one-stop-shop integrated education and day care for young children.”	Summary; Early Excellence Programme website ^f
1998	Reforms to Teaching Profession	A series of reforms were laid out in the Green Paper, <i>Teachers: meeting the challenge of change</i> , to promote excellent school leadership by rewarding our leading professionals properly; to recruit, retrain and motivate high quality classroom teachers, by paying them more and to provide better support to all teachers, and to deploy teaching resources in a more flexible way. Fast Track teacher training scheme active from September 2000.	DfEE website – Teaching reforms page ^g
1998	Higher Education Tuition Fees	From 1998-99, new UK and European Union (EU) undergraduate students on full-time higher education courses had to contribute to the cost of their studies. Students and their parents were assessed to pay the fees and up to £1000 charged to each student for each year of their course.	HEFC publications website ^h
May 1998	Healthy Schools Programme	“A key part of the Government’s drive to improve standards of health and education and to tackle health inequalities.” It includes a “Wired for Health” website, and a national healthy school standard, backed up by a healthy schools newsletter, strategies for safer travel to school, and the ‘cooking for kids’ scheme.	Neighbourhood Statistics (ONS): <i>Healthy Schools Programme</i> ; Healthy Schools website ⁱ
July 1998	Sure Start	“The aim of Sure Start is to work with parents and children to promote the physical, intellectual and social development of pre-school children – particularly those who are disadvantaged – to ensure they are ready to flourish when they get to school.” Sure Start Unit was set up with 60 “Sure Start trailblazers” by May 2000. An area based initiative.	<i>Sure Start History</i> in an article by Norman Glass CB, published in <i>Children & Society</i> Vol 13, 1999
September 1998	Education Action Zones	Clusters of about 2-3 secondary schools and their associated primary schools working with the LEA, parents, businesses, TECs and others to overcoming barriers to learning in areas of high social and economic deprivation. There are 73 large and 12 small EAZs, each managed by a Project Director and with an Action Forum made up of representatives of its main partners.	Lupton, R: <i>New Labour’s Education Policy May 1997- July 1999</i> ; Local Government Association website ^j
September 1998	Beacon Schools	“Beacon schools are schools which have been identified as amongst the best performing in the country and represent examples of successful practice which	DfEE website ^a

		are to be brought to the attention of the rest of the education service with a view to spreading that effective practice to others. They are expected to work in partnership with other schools to pass on their particular areas of expertise and so help others to reach the same high standards as themselves.” The scheme was piloted with 75 Beacon schools in 1998. Today there are 1,000. The average additional funding received is £35,000 to each Beacon school. They are “twinning” to at least one school in a deprived area.	
November 1998	Homework Guidelines	After the 1995 and 96/97 Ofsted reports emphasised the importance of homework, the Government’s <i>Excellence in Schools</i> White Paper proposed that national guidelines on homework should be published.	<i>Homework: Guidelines for Primary and Secondary Schools</i> ^k National Grid website
November 1998	National Grid for Learning	Extending primary and secondary school access to the internet	National Grid website
1999	Higher Education Maintenance Grants and Student Loans	Students can apply to their Local Authority for a maintenance grant which is awarded, depending on their parents income, for living expenses while in higher education. However, from 1999 Maintenance Grants were entirely replaced by the Student Loan Scheme, loans made by the Student Loans Company to be repaid once the graduate is working.	HEFC publications website ^h
March 1999	Excellence in Cities	Government’s programme for inner city schools in England. Main programmes include: Learning Mentors, Learning Support Units, Gifted and Talented Programmes, City Learning Centres with ICT facilities, Small Education Action Zones, and Expanded numbers of Beacon and Specialist Schools in city areas. Means tested allowances paid to 16-19 year olds (or parents) to encourage staying on. Pilot to run for 3 years beginning Sept 1999.	Excellence in Cities Annual Report 1999/2000
September 1999	Education Maintenance Allowance Pilots		
March 2000	City Academies	City Academies are publicly funded independent secondary schools with sponsors from the private or voluntary sectors or from churches or other faith groups. A City Academy may replace one or more existing schools or may be established where there is a need for additional places.	DfEE website ^m
August 2000	Abolition of tuition fees in	It was ruled by the Scottish Parliament that from the start of the academic year in 2000 eligible Scottish and EU students would not have to pay tuition fees	Scottish Executive webpage ⁿ

	Scotland	while studying at Scottish Universities. The money will be made up by the Scottish Executive	
September 2000	General Teaching Council	Legislated for in the 1998 <i>Teaching and Higher Education Act</i> . It aims to raise the status of the profession; provide a professional voice for teachers; listen to and work for teachers; guarantee high standards.	General Teaching Council website ^o

Sources:

a	http://www.dfee.gov.uk/beacon/	h	http://www.hefce.ac.uk/Pubs/HEFCE/
b	http://www.dfee.gov.uk/a-z/LITERACY.html	i	http://www.wiredforhealth.gov.uk/healthy/healint.html
	http://www.dfee.gov.uk/a-z/NUMERACY.html	j	http://www.lga.gov.uk/lga/actionzones/zones.htm
c	http://www.standards.dfee.gov.uk	k	http://www.dfee.gov.uk/homework/
d	http://www.standards.dfee.gov.uk/otherresources/schools/index	l	http://www.ngfl.gov.uk/about/index.html
e	http://www.dfee.gov.uk/newdeal/	m	http://www.dfee.gov.uk/a-z/CITY_ACADEMIES.html
f	http://www.dfee.gov.uk/earlyyearsandchildcare/eecapplication/index.shtml	n	http://www.scotland.gov.uk/consultations/lifelonglearning/stln-05.asp
g	http://www.dfee.gov.uk/teachingreforms/reformbriefs/trb/10.shtml	o	http://www.gtce.org.uk/homepage.asp

Major Training and Skills Policy Initiatives:

Date	Policy Initiative	Description	Source
September 1997	Foundation Modern Apprenticeships	Flexible programme (formerly known as National Traineeships) mainly for 16-18 year olds, offering them paid work and training to NVQ level 2 + key skills. (Advanced Modern Apprenticeships, started 1995, cover NVQ level 3). Designed to meet the needs of particular industries or sectors.	DfES private communication
1998 - 2002	Adult and Community Learning Fund	Funds community, voluntary and other organisations aiming to improve the basic skills of adults. England only.	Lifelong Learning website ¹
April/June 1998	New Deal	Part of the Welfare to Work programme, involving retraining for the young and long term unemployed.	New Deal website ²
May 1998 (Union Learning Fund)	Union Learning Representatives	The Union Learning Representative is a new category of union members on their learning needs and opportunities. They work with employers, training providers and a range of others to ensure that appropriate learning opportunities are available to their members. There are about 2000 Union Learning Representatives already in existence.	<i>Regulatory Impact Assessment for Providing Statutory Backing for Union Learning Representatives</i> ³
1999	Right to Time-Off for Study and Training	Part of the 'Investing in Young People' strategy, the Teaching and Higher Education Act 1999 is designed to help 16/17-year-olds attain NVQ level 2 or above. Target group of businesses is those employing 16/17-year-olds with qualifications at NVQ level 2 or below.	DfES website ⁴
June 1999	Learning and Skills Councils	<i>Learning to Succeed</i> White Paper, June 1999, "set out plans to modernise and radically reform the management of post-16 education and training provision in England". From April 2001 the LSC, taking on the training functions of the Training and Enterprise Council (TEC), aims to tackle poor basic skills amongst adults, develop education business links, ensure targeted support for the most disadvantaged and promote equality of opportunity.	<i>The Learning and Skills Council, A Brief Guide</i>

Early 2000	Standards Fund	The key source for funding to improve standards in England's schools	Press release on DfEE webpage ⁵
April 2000 (England) July 2000 (Scotland)	University for Industry, and Scottish University for Industry	Aims to stimulate demand for lifelong learning by providing information and advice on learning opportunities. It has 70 "hubs" – local partnerships of colleges, universities, local authorities, trade unions, companies, businesses and community organisations in England, Wales and Northern Ireland (Scotland has its separate Scottish Ufi developing learnirect Scotland). The hubs have over 800 ICT learning centres , aiming to increase the use of technology by those least likely to have access to it.	Univeristy for Insdrustry and Scottish University for Industry websites ⁶
June 2000	Individual Learning Accounts	Financial Aid for Individuals to invest in their own learning.	<i>A Brief Guide to Individual Learning Accounts</i>
September 2000	Employer Learning Network Fund	Funds to promote group training arrangements to increase capacity of smaller firms to meet their training needs (apprenticeships and adult workforce development).	DfEE link webpage ⁷
October 2000	Learn Direct	This is a phone line, web site, national network of Learning Centres, and a service for kitemarking and commissioning learning products and courses, which delivers the services of the University of Industry.	Learn Direct website ⁸
Autumn 2000	Graduate Apprenticeships	Graduate Apprenticeships are frameworks which integrate study at degree or diploma level with structured work based learning, They bridge higher education and first employment so that new graduates are better prepared for work in particular sectors.	Dfee Newsletter: <i>Graduate Apprenticeships</i> , June 1999
March 2001	Skills for Life	The Government's strategy for improving adult literacy and numeracy skills, prioritising unemployed people and benefit claimants; prisoners and those supervised in the community; public sector employees; low-skilled people in employment; and other groups at risk of exclusion. The scheme will involve new national standards, new materials and a common core curriculum leading to National Tests.	<i>Skills for life The National Strategy for improving adult literacy and numeracy skills</i>
April 2001	Connexions	Arising from White Paper <i>Learning to Succeed</i> , aims to support "young people in England as they move from adolescence to adulthood" by personal advisors providing 13-19 year olds with information, advice and support.	Connexions website ⁹

September 1998	The Union Learning Fund	The Union Learning Fund has been an important development. The first six months of this initiative, from September 1998 - March 1999, covered over 20 unions and provided assistance to 44 projects. Early results include over 2500 people trained, over 20 learning centres established, over 100 learner representatives trained, at least six new qualifications developed and well over £500,000 raised by unions to extend the scope of their Union Learning Fund work.	The DfES website
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Sources:

- 1 <http://www.lifelonglearning.co.uk/acif/front.htm>
- 2 <http://www.newdeal.gov.uk/>
- 3 <http://www.dfee.gov.uk/ulf/docs/ria.doc>
- 4 <http://www.dfee.gov.uk/newsup/invest.pdf>
- 5 http://www.dfee.gov.uk/pns/DisplayPN.cgi?pn_id=2000_0382
- 6 <http://www.ufiitd.co.uk/>, <http://www.scottishufi.co.uk/index.shtml>
- 7 http://www.uuy.org.uk/projects/post16/employer_learning_network/prospectus.htm
- 8 <http://www.learnirect.co.uk/>
- 9 <http://www.connexions.gov.uk/>

Annexe 2: Tables

Annexe Table 1: Children under five^a in schools as a percentage of all children aged three and four, United Kingdom

Year	Percentages
1970/71	20.5
1975/76	34.4
1980/81	44.1
1985/86	46.7
1990/91	51.6
1991/92	52.6
1992/93	54.6
1993/94	55.4
1994/95	56.7
1995/96	57.4
1996/97	58.4
1997/98	61.0
1998/99	63.8
1999/00	63.8

Source: Department for Education and Employment; National Assembly for Wales; Scottish Executive; Northern Ireland Department of Education

Note: (a) Pupils aged 3 and 4 at 31 December each year. Data for 1999/00 for Wales and Scotland relate to 1998/99.

Annexe Table 2: Participation Of 3-To-5year-Olds In Education, 1991, 1996/97, %

	Age					
	3		4		5	
Belgium	97	99	99	100	98	99
France ^(a)	98	100*	100	100*	99	100*
Germany ^(a)	35	58	71	81	84	84
Netherlands	-	-	98	99	99	99
Spain	28	67	94	99	100	100
United Kingdom	32	48	72	94	100	99
USA	33		57		90	
Canada	-		48		70	
Japan	21		58		65	

Source for 1991 data: CSO

Source for 1996/7 data: Education across Europe statistics and indicators 1999, Copyright Eurostat

Note: * data for France 1996/97 is provisional/estimated

(a) data for 1996/7 includes students not allocated by ISCED level

Annexe Table 3: Pupils in private schools as a percentage of school pupils

	2-4 years	5-11 years	12-15 years	16-18 years ^(b)	All school pupils
1974/5 ^(a)	2.0	3.2	7.0	11.4	5.5
1979/80	4.8	4.5	6.9	18.3	5.8
1984/5	4.8	5.0	7.4	17.5	6.2
1989/90	5.7	5.1	7.7	16.9	6.7
1994/5	5.6	4.7	7.3	18.4	6.3
1999/00 ^(c)	6.0	5.0	6.7	16.5	6.2

Sources: Department for Education and Employment; National Assembly for Wales; Scottish Executive; Northern Ireland Department of Education

Notes: (a) On an England and Wales basis, on a UK basis in other years. (b) State pupils in 6th form and Further Education colleges are not included in these calculations. Source: DfEE, Table 12b (and Table 13 in earlier years). (c) 99/00 figures are provisional. Figures for Scotland are estimates using proportion of the stage rolls. Data for Wales are for 1998/99. Age at 31st August 1999.

Annexe TABLE 4: Gap Between The Scores Of Schools 1995-2000 (Maintained Schools)*

Key Stage 1: 7 years, level 2+	1995	1997	1998	1999	2000
Reading					
75 th percentile	91	92	91	92	93
Median	82	83	83	85	86
25 th percentile	71	73	73	75	77
Writing					
75 th percentile	93	92	93	94	94
Median	84	84	85	86	88
25 th percentile	73	73	74	76	78
Maths					
75 th percentile	92	95	95	96	98
Median	83	88	88	90	93
25 th percentile	71	78	79	82	86

Sources: DfES Statistical Bulletins: Table 5 4/98; Table 5 03/2000; Table 6 04/01

Note: * Figures are for the 75th percentile school, median and 25th percentile school. They show the % of pupils in these schools who have reached the expected level.

Gap between top and bottom state school achievements narrowed in all three subjects and especially maths. There is a ceiling effect (top schools cannot go over 100%) but that does not detract from the closing of the gap in absolute terms.

Annexe Table 5: Gap Between The Scores Of Schools 1995-2000 (Maintained Schools)*

Key stage 3: 14 years Level 5+	1995	1997	1998	1999	2000
English					
75 th percentile	70	71	77	77	77
Median	55	58	65	64	65
25 th percentile	38	43	52	51	51
Maths					
75 th percentile	69	72	71	74	77
Median	58	61	60	63	66
25 th percentile	44	47	46	50	53
Science					
75 th percentile	68	74	69	68	73
Median	56	62	56	55	60
25 th percentile	42	46	41	40	45

Note: * Figures are for the 75th percentile school, median and 25th percentile school. They show the % of pupils in these schools who have reached the expected level. Gap narrowed in English but not in Maths or Science.

Annex Table 6: Participation In Education And Training Of 16 To 18 Year Olds, England, 1990 To 2000, Percentage

	1990	1991	1992	1993	1994*	1994*	1994*	1995	1996	1997	1998	1999	2000
	(a)						(b)						
16 year olds													provisional
Total Education and training	85.5	88.0	88.4	90.0	90.1	90.1	89.3	87.8	86.9	85.8	85.8	86.0	87.2
Population (thousands)	602.1	576.3	553.9	535.0	549.7	549.7	549.7	599.5	618.0	610.0	600.4	609.1	610.0
17 year olds													
Total Education and training	74.6	78.1	79.3	81.1	80.4	80.4	80.8	79.4	79.6	78.5	79.3	79.2	80.0
Population (thousands)	637.8	603.6	576.1	554.7	536.6	536.6	536.6	551.3	601.1	619.7	612.1	605.2	614.4
18 year olds													
Total Education and training	48.3	52.9	56.1	58.7	59.3	59.3	59.4	60.4	60.9	60.2	59.8	60.0	60.2
Population (thousands)	681.7	639.2	603.9	577.2	556.7	556.7	556.7	538.7	553.6	603.5	621.1	617.5	610.9
16 to 18 year olds													
Total Education and training	68.7	72.4	74.2	76.2	76.5	76.5	76.4	76.3	76.3	74.9	74.9	75.0	75.8
Population (thousands)	1921.6	1819.0	1733.9	1666.9	1643.0	1643.0	1643.0	1689.4	1772.7	1833.2	1833.6	1831.8	1835.2

Source: DfES Participation in Education, Training and Employment by 16-18 Year Olds in England: 1999 and 2000

Note: * The break in time series is due to changes in the source of further education data. Total Education and Training includes: Full and part-time education in all types of schools and institutions; Government Supported Training (where the analysis by age is provisional) and Employer Funded Training.