

PRIME MINISTER

Mr Flesher o/v

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SCHOOL STANDARDS AND SPENDING

We have just received a statistical bulletin from the Department of Education and Science which indicates that variations in educational attainment by school pupils is related only very slightly to levels of secondary school expenditure. Within that general proposition there was a slight correlation between attainment and expenditure on teaching but none at all (apart from a marginal inverse relationship) between attainment and higher non-teaching expenditure. In other words the high spending authorities (particularly those in London) produce no better results than low-spending authorities. We were of course already aware of this effect with the Inner London Education Authority which spends 60 per cent more per pupil than the Metropolitan District Councils (London Weighting only accounts for 20 per cent) but achieves no better results.

This together with the considerable increased numbers of patients treated in the National Health Service over the last year at a time when the number of staff was falling is powerful evidence for the Government's view that a great deal can be done in terms of improved standards of public service by greater efficiency. Moreover the addition of more and more expenditure in some areas of the public service not only does no special good but can in some circumstances do harm. If you agree I will ask the DES to produce rather more graphic evidence of the general statistical propositions which are contained in their statistical bulletin and in particular one or two examples.

BF

Yes please no

Tim Flesher

28 December 1984



DEPARTMENT OF EDUCATION AND SCIENCE
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FROM THE SECRETARY OF STATE

Tim Flesher Esq
Private Secretary
10 Downing Street
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Dear Tim,

SCHOOL STANDARDS AND SPENDING

Thank you for your letter of 10 January about the Statistical Bulletin on school standards and spending. My Secretary of State referred to this in the parliamentary statement which he sent to the Prime Minister on 14 November in connection with funding research proposals from Caroline Cox and John Marks.

The main finding from the study reported in the Statistical Bulletin was that there is a strong statistical relationship between socio-economic factors and examination results. This finding was confirmed in a related study which looked at examination results for individual schools and to which there was reference also in the November parliamentary statement. The studies indicated a much smaller relationship between examination results and other factors, including measures of expenditure. The contribution of levels of non-teaching expenditure, in particular, was very small indeed. This does not necessarily mean that other factors have no part to play because the socio-economic factors themselves bear some relationship to expenditure and other inputs. For example, financial contributions from parents will be more significant in well off areas, schools in more desirable areas often can and do choose better teachers from among relatively large numbers of applicants, and, as mentioned in the Statistical Bulletin, levels of non-teaching expenditure may have a relationship with other social background factors. Nevertheless, we can point to a negative conclusion from the studies namely that there is no substantial evidence that an increase in educational resources, within the range covered by the studies, would itself raise the examination achievements of pupils in schools.

The studies shed no light on the wide variation in examination achievements amongst pupils from similar socio-economic backgrounds. There are clearly complex inter-relationships between school standards and other factors and it seems likely that we

Prime Minister:

I am afraid that my attempt to pin DES down on the relationship between spending and results only produced this rather disappointing response.
24 January 1985

Dr
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shall only be able to obtain a better insight into these through studies which take into account social background factors at the level of the individual pupil as well as variations in other factors at school level. This is why my Secretary of State said in November that he was willing to consider proposals for research ranging more widely and exploring the relationship between a range of school outputs including public examinations, the social background of individual pupils, and a range of school inputs such as resources, the achievements of pupils on entry to secondary schools, teaching quality, the organisation of the school and its internal practices including teacher expectations, curriculum continuity and homework. We have already received some proposals for such research and have them under consideration.

It is important that any further research or analysis looks into measures of other school outputs in addition to public examination results: the latter do not provide an adequate measure of all that the schools are seeking to provide or of what my Secretary of State is seeking to achieve through his policies for the curriculum and teaching quality. The evidence of the studies certainly points to the importance of achieving effective use of the available resources, but given the difficulties about measuring standards we cannot offer examples where increased efficiency in using resources demonstrably leads to higher standards. The Secretary of State is however acting in several areas of policy to increase efficiency in a way which promotes higher standards in schools. Pressure on LEAs to remove surplus places and to close or amalgamate schools when rolls fall is tackling the drift towards schools and classes which are too small to permit good education except at a disproportionate cost in staff and other resources. His actions to improve the curriculum and the examinations which affect it are designed to increase the educational benefit which pupils derive from the resources spent on their schooling during the compulsory period. Education Support Grants and our in-service training grants are beginning to show what can be achieved by targeting some of the available resources in support of national priorities when the necessary powers are available. The scope of these grants is however too limited to influence to the necessary extent some of the policies we need to promote. For example, an important aspect of improving teaching quality in support of new policies for the curriculum is the achievement of a more effective distribution of teachers between local authorities and a better use of their time within schools. We are pursuing these issues with the local authorities, but we could undoubtedly expect more rapid progress if we had greater financial leverage through the grant system.

Yours,

Elizabeth

MISS C E HODKINSON
Private Secretary

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10 DOWNING STREET

From the Private Secretary

10 January 1985

School Standards and Spending

The Prime Minister has seen a recent statistical bulletin from your Department on the above subject which indicates that variations in educational attainment by school pupils are related only slightly to levels of secondary school expenditure. The bulletin went on to demonstrate in general terms high spending authorities (and especially those with high non-teaching expenditure) produce no better results than some low spending authorities. The Prime Minister wonders whether this evidence together with developments in other parts of the public sector, for example in the National Health Service where the number of patients treated is increasing at a time when the number of staff is falling, may be strong evidence for the Government's view that a great deal can be done in terms of improved standards by greater efficiency rather than by additional expenditure. I should be grateful if you could confirm whether the evidence of the bulletin bears out this hypothesis and, if so, for one or two graphic examples where better standards appear to be being achieved by greater efficiency rather than by more expenditure.

Tim Flesher

Miss C.E. Hodkinson
Department of Education and Science.