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1 INTRODUCTION, BACKGROUND AND TERMS OF REFERENCE

1.1 Introduction

In January 2008, the Audit Commission appointed FGS, in association with the University of Southampton, to carry out a review of literature and data in relation to Value for Money (VfM) in schools.

1.2 Background to the Assignment

In 2007, the Commission held a public consultation on the selection of topics for future national studies, including a potential study on VfM in schools. It was considered that any such future study could include themes such as:

- How schools secure VfM, through procurement and more broadly;
- The organisational and governance arrangements in schools that best secure VfM; and
- The criteria which schools and other stakeholders use to assess VfM.

This review of literature and data was commissioned as a possible precursor to a full national study on VfM in schools, and has implications for a range of stakeholders, including central Government, local authorities and schools themselves.

1.3 Terms of Reference

The Commission’s key focus for the assignment was for us to report on how VfM and cost-effectiveness in schools can best be defined, measured, secured and improved.

In addressing this aim, the Commission specified that the review of literature and data should cover the following areas of interest:

- Existing literature on VfM in schools, including consideration of procurement issues;
- Various potential approaches to the definition of VfM in schools, together with the pros and cons of each, in the context of any future national study by the Commission;
- Available data on schools’ current VfM performance and consideration of the main drivers of performance; and
- The existing knowledge base of academics, policy-makers and education practitioners in respect of VfM in schools.

1.4 Structure of Report

The remainder of the report is set out as follows:

<table>
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<th>Section</th>
<th>Description</th>
</tr>
</thead>
<tbody>
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<td>2</td>
<td>Executive summary of the key findings of our work</td>
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<td>3</td>
<td>Discussion on defining VfM in schools and a possible recommended definition</td>
</tr>
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<td>4</td>
<td>Commentary on literature and data on the measurement of VfM in schools</td>
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<td>5</td>
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<td>6</td>
<td>Consideration of evidence in relation to improving VfM in schools</td>
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<td>7</td>
<td>Assessment of current awareness of VfM among education practitioners (e.g. head teachers, bursars and school governors)</td>
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<tr>
<td>8</td>
<td>Conclusions from the literature and data review and associated implications at central Government, local authority and school levels</td>
</tr>
</tbody>
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2 EXECUTIVE SUMMARY

2.1 Defining Value for Money in Schools

Examining VfM in schools requires a detailed consideration of both the inputs and the outputs relating to the education system – in other words, the costs and benefits associated with schools.

In this context, inputs are relatively straightforward to express: staffing typically represents around 70% of school costs, with the remainder comprising of operating and maintenance expenditure. However, defining the outputs from schools (pupil outcomes) is an altogether more complex task.

The most tangible measure of pupil outcomes is the results they achieve in examinations. Even so, both in the UK and overseas, it is widely recognised that pupils’ levels of achievement are influenced by a range of factors other than the quality of schooling they receive (for example, their family background or their track record of achievement at earlier stages of their education). Put simply, pupils’ current levels of attainment are likely to be enhanced if they have a high level of prior educational attainment, and therefore schools may make a less significant contribution to student outcomes.

In assessing the value for money which schools deliver through their day-to-day activities, it is therefore necessary to take account of the progress pupils make in their time at school (or ‘value added’ by the school), rather than just their levels of attainment, which are influenced by a host of factors other than schooling.

There is no single accepted definition for VfM in schools. However, in our view, VfM could potentially be defined in terms of **educational value added per pound of educational expenditure.** As discussed later in the report, a wealth of data currently exists to allow the practical measurement of VfM in this way.

Section 3 of the report examines a range of factors relevant to VfM in schools and sets out more fully the rationale for our suggested definition.

2.2 Measuring Value for Money in Schools

Above, we have suggested a definition of VfM in schools which we believe is both robust and practically focused.

In recent years, the development of Consistent Financial Reporting (CFR) and Contextual Value Added (CVA) frameworks, coupled with clear national guidance, have helped enhance the information available on both student outcomes and school financial performance. A wide range of other data relevant to VfM in schools is also currently gathered at national and local levels.

Although neither CFR nor CVA is without its faults, we believe a significant pool of data is presently available to allow VfM to be calculated in line with the definition we have suggested, producing meaningful results.
A more detailed analysis of how VfM in schools can be practically measured is presented in Section 4.

2.3 Securing Value for Money in Schools

In seeking to deliver improved VfM, it is important that schools do not lose sight of their need to maintain the economy, efficiency and effectiveness of their current service provision.

An extensive range of best practice documentation has been published to help schools perform this task effectively, in terms of their financial and educational operations. This guidance covers the roles of head teachers and school governors, as well as considerations around financial management (most notably the Financial Management Standard in Schools).

In Section 5 of the report, we explore in detail the various approaches to securing VfM in schools.

2.4 Improving Value for Money in Schools

The relationship between inputs and outputs is an important element of VfM in schools.

Many commentators, both in the UK and internationally, have examined the impact of a range of measurable school inputs (such as expenditure, class size and teacher characteristics) on the outputs generated in educational terms (i.e. student performance). Our review of the available evidence suggested that, at most, the scale of inputs to the school system has only a modest impact on the magnitude of outputs from the system. Although reducing class size and increasing teacher salaries could have a small but significant impact on performance, higher expenditure per pupil is likely, of itself, to have little or no effect.

Our work suggested there is a greater degree of scope to improve VfM in schools through the processes for management and governance which schools employ, rather than the level of resources input to the system. A number of studies have found that the best-performing schools are distinguished from worse performers by the quality of their school leadership, their effective use of benchmarking information and the robustness of their processes for development planning and self-evaluation.

Section 6 of our report contains a full analysis of the evidence base on improving VfM in schools.

2.5 Awareness of Value for Money in Schools

In considering the level of awareness of VfM among education practitioners, we reviewed relevant published literature and consulted directly with a number of stakeholders, including head teachers, school governors and academics with a professional interest in education.

Our work in this area suggested that practitioners are increasingly aware of what VfM means in a school context, and are becoming more able to draw a clear distinction between VfM and financial management.
Our discussions with stakeholders highlighted opportunities for improving VfM by strengthening the financial expertise of school Governing Bodies, as well as sharing benchmarking information more widely at local and national levels.

Section 7 examines education practitioners’ awareness of VfM further.

### 2.6 Influencing Value for Money at National, Local and School Levels

To greater or lesser degrees, central government, local authorities and individual schools can each exert an influence over the level of VfM achieved within schools.

While central and local government have important roles to play in, for example, the allocation of funding to schools and teacher training, our review suggests these measurable inputs have only a modest effect on pupil achievement, and that the benefits arising from increasing these inputs may well not justify the associated increase in costs.

Even though the benefits of increasing overall education expenditure are unclear, this should not be interpreted as justification for reducing the financial budgets which schools are allocated. In common with all other areas of the public services, schools are already under pressure to deliver efficiency savings to meet the Government’s Comprehensive Spending Review targets, and further cuts could have a significant negative impact on the frontline services which schools are able to deliver. We therefore believe it remains important to provide schools with an adequate level of baseline funding with which to work.

Our review indicates there is considerable evidence to suggest that factors within the direct control of schools can play a more significant part in driving VfM, particularly in respect of their management and governance processes. Key considerations in this regard include the quality of school leadership, the robustness of development planning and self-evaluation processes, and the willingness to learn from best practice elsewhere.

Section 8.7 considers the related implications at national, local and school levels in greater depth.
3 DEFINING VALUE FOR MONEY IN SCHOOLS

3.1 Introduction

From our review of the existing evidence base, it is clear that there is no single accepted definition for VfM in schools.

In this section of the report, we consider a range of possible definitions for VfM in the context of education, and seek to come to a suitable overall definition for use in any future Audit Commission study.

3.2 VfM in the Context of Schools

DCSF has issued guidance to the education profession\(^2\) which details the three elements of VfM and gives examples of how these may apply in a school context:

<table>
<thead>
<tr>
<th>VfM Concept</th>
<th>Definition</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economy</td>
<td>Minimising the costs of resources used in the public sector, but having regard to quality</td>
<td>Were school supplies, of the quality specified, purchased at the best price?</td>
</tr>
<tr>
<td>Efficiency</td>
<td>The relationship between output, in terms of goods, services or other results, and the resources used to produce them</td>
<td>Were the costs of the school meals service minimised, while enhancing the nutritional quality of lunch provided to pupils?</td>
</tr>
<tr>
<td>Effectiveness</td>
<td>The extent to which objectives have been achieved. The relationship between the intended impacts and actual impacts of an activity</td>
<td>Did the education programme improve examination success rates?</td>
</tr>
</tbody>
</table>

The DCSF guidance further specifies that schools should put in place a range of measures to ensure they deliver VfM in their operations:

- Sound financial management procedures for controlling and accounting for resources;
- Organisation of operations to ensure schools use their resources in a way that maximises their effectiveness; and
- Strategic management skills that allow schools to respond to a changing environment and to innovate and introduce new initiatives.

\(^2\) TeacherNet.gov.uk, ‘A to Z of School Leadership’, 2004
Clearly, VfM in schools encompasses qualitative and quantitative aspects, both financial and non-financial in nature, many of which will have a part to play in reaching an overall judgement. Below, we discuss a number of possible aspects of VfM in relation to schools, and consider an optimum definition for the concept.

3.3 Quantitative Aspects of VfM

Each of the three themes within VfM encapsulates quantitative elements, all of which can be employed to some degree in forming an overall picture:

3.3.1 Attainment and Effectiveness

Published guidance from Ofsted\(^3\) identifies the levels of attainment pupils achieve as being an important contributor to VfM in schools. Examination results at each of the Key Stages within the National Curriculum, as well as in post-16 provision, are a long-established and well-understood feature of the education system.

Attainment levels provide a valuable measure of pupil performance at a single point in time, and are therefore helpful in assessing the effectiveness of the education services delivered. Ofsted has previously suggested\(^4\) that, rather than being confined to one particular school, attainment measures could also be usefully benchmarked against wider averages, either nationally or at local authority level. This could help provide further evidence on the relative effectiveness of the services schools deliver.

However, attainment alone provides only a partial analysis of how schools perform.

3.3.2 Value Added and Efficiency

It is widely recognised, both within the UK\(^5\) and internationally\(^6,7\), that the most significant factor influencing pupils’ current educational attainment is their level of prior attainment. As a simple example, pupils who perform well academically at primary school level are more likely to have a higher level of attainment at secondary school level. Other studies have suggested that parenting plays a much more important role than schooling in educational attainment.\(^8\)

Current schooling plays a smaller role, albeit an important one, in student attainment, suggesting that pupil achievement may be more strongly associated with ‘nature’ than with ‘nurture’. Nonetheless, in evaluating VfM in schools, it is still important to consider the

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\(^{3}\) Ofsted, ‘New PANDA Report’, 2006
\(^{5}\) M Rutter, B Maughan, P Mortimore and J Ouston, ‘Fifteen Thousand Hours: Secondary Schools and their Effects on Children’, 1979
\(^{7}\) GJ Reezigt, H Guldemond and BPM Creemers, ‘Empirical Validity for a Comprehensive Model on Educational Effectiveness’, School Effectiveness and School Improvement, 1999
progress of pupils in their time at individual schools\(^9\), as a measure of the relationship between school inputs and outputs (in VfM terms, efficiency).

As long ago as 1995\(^{10}\), Ofsted flagged up the need to recognise pupils’ prior attainment, as well as their socio-economic circumstances, in evaluating their present levels of attainment, and to focus on pupil progress in assessing VfM in the schools system. This argument has been made in a range of academic literature over a prolonged period of time.\(^{11}\)

DCSF, too, has noted\(^{12}\) the importance of considering a range of contextual factors which can have an impact on pupil attainment, such as prior achievement, deprivation indicators, gender and ethnicity. Studies internationally\(^{13}\) have suggested a number of linkages between pupils’ backgrounds and their levels of attainment. For example:

- Children growing up in low-income families may tend to have lower educational attainments than children from more affluent families;
- If a mother works when a child is very young, there may be a modest negative impact on educational attainment;
- Life changes during childhood (e.g. changes in geographical location) can have large negative effects on children’s educational attainments; and
- Growing up in a neighbourhood with lower levels of deprivation is likely to have a positive effect in relation to a child’s schooling.

In recent years, DCSF has developed the concept of **Contextual Value Added (CVA)** as a measure of schools’ efficiency and effectiveness. CVA seeks to compare pupils’ actual performance (e.g. in terms of average point scores at Key Stage 3 and GCSE) with a predicted level of achievement, factoring in their prior attainment and relevant socio-economic factors.

CVA produces a measure of pupil progress which DCSF can then attribute to the performance of individual schools. Schools which improve their pupils’ performance most can be said to be delivering significant VfM, no matter what pupils’ current level of attainment is in absolute terms. Similarly, even if a school has a relatively high current level of attainment, it may not be adding significant value if its pupils have a relatively high level of attainment to begin with.

Pupil progress and value added by schools are therefore important components of the VfM assessment. Information in relation to CVA is presently gathered within the ‘RAISEonline’

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\(^{10}\) Ofsted, 1995, *Ibid*

\(^{11}\) EA Hanushek, ‘Conceptual and Empirical Issues in the Estimation of Educational Production Functions’, *Journal of Human Resources*, 1979

\(^{12}\) Ofsted, 2006, *Ibid*

\(^{13}\) R Haveman, B Wolfe, ‘The Determinants of Children’s Attainments: A Review of Methods and Findings’, 1995
database, which is discussed further in Section 4 on Measurement, along with a consideration of potential issues that the use of CVA data can bring.

3.3.3 Cost and Economy

There will clearly also be financial aspects contributing to VfM in schools.

Public Expenditure Constraints

In recent years, the Government has taken forward a number of initiatives to generate financial efficiency savings in all areas of the UK’s public services (including schools), in order to release resources to improve frontline services and fund new priorities. Between 2008 and 2011, the Government has set a target of at least 3% efficiency savings per annum\(^{14}\).

Following on from this, DCSF has set the Minimum Funding Guarantee at 2.1% for the 2008-11 financial years, after both assessing likely cost pressures and assuming that schools will achieve efficiency savings of at least 1% per annum over this period\(^{15}\).

School-Level Assessment

Ofsted\(^{16}\) and DCSF\(^{17}\) have both issued guidance on the role of unit cost metrics in assessing school performance, on both overall and per-pupil bases. These will be relevant in judging the economy of the service which schools provide.

The recent development of Consistent Financial Reporting (CFR) guidelines has also allowed for more robust and detailed cost comparisons within and between schools. The mechanics of CFR, measurement and benchmarking are expanded in Section 4.

3.4 Qualitative Aspects of VfM

In considering how to define VfM, it is important not to overlook relevant factors which are not financial or even quantitative in nature:

3.4.1 Outcomes for Learners

In its vision for children’s services, the Government has set out a number of target outcomes\(^{18}\) that learners should be enabled to achieve within the education system. These are an important illustration of the qualitative considerations underlying VfM in schools.

Specifically, children should be enabled to:

- Be ready for school;

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\(^{14}\) HM Treasury, ‘2007 Pre-Budget Report and Comprehensive Spending Review’, p43


\(^{16}\) Ofsted (1995), *ibid*


• Attend and enjoy school;
• Achieve stretching national educational standards at primary and secondary school; and
• Achieve personal and social development standards and enjoy recreation.

3.4.2 Quality of Education

Ofsted has previously stated\textsuperscript{19} that a valuable criterion for assessing VfM in schools is the quality of educational provision, particularly in relation to teaching.

3.4.3 Pupils’ Personal Development

In its 1995 guidance on VfM\textsuperscript{20}, Ofsted also highlighted the importance of outcomes for pupils in evaluating VfM, in respect of such areas as behaviour, attitude and overall personal development.

3.5 Towards a Definition of VfM

An ideal definition of VfM would include both qualitative and quantitative aspects, in recognition of the complexity and interdependence of the various factors at play. However, by their nature, quantitative data are more readily available and accessible than information of a qualitative nature, and this will have a bearing on how VfM can best be defined and subsequently measured in practice.

3.5.1 Measuring Inputs and Outputs

As noted above, the relationship between inputs and outputs in schools will have a strong bearing on the level of VfM generated within the system, and hence on its definition.

Education Inputs

In this context, inputs are more easily understood and readily quantified: by far the biggest component of education expenditure is labour costs, which typically account for some 75% of overall input costs. The remainder is comprised of other goods and services (just over 20%) and the cost of capital assets consumed (just under 5%).

However, the measurement of educational outputs is not so straightforward and has been the subject of much discussion in recent years.

\textsuperscript{19} OFSTED (1995), \textit{ibid}

\textsuperscript{20} OFSTED (1995), \textit{ibid}
Education Outputs

The Atkinson Review

The Atkinson Review\textsuperscript{21} considered the current measures of output and productivity for all areas of the UK public services, and made various recommendations for improvement, including within the education system:

- **Volume of output**: Using pupil attendance (total ‘pupil-days’ in school) as a measure of the volume of output, rather than the number of pupils in the system;

- **Quality of output**: Expanding the existing quality adjustment (average point score at GCSE by age 16) to incorporate more recent information from all four UK education departments, such as:
  - Quality of education delivered before the age of 16; and
  - Information on school pupils over the age of 16;

- **Value of output**: Reflecting the value of education in terms of a pupil’s future earnings; and

- **Quality of data**: Closer collaboration between the Office for National Statistics (ONS) and the four UK education departments to ensure that information on education expenditure improves in terms of timeliness, accuracy and consistency of classification.

In considering the ‘value’ of education, the international academic literature finds some evidence of a positive linkage between education and the value of paid employment, particularly for permanent employees.\textsuperscript{22, 23}

Central Government’s Response to Atkinson

Following on from these recommendations, DfES developed a number of other ways of expressing educational outputs\textsuperscript{24}, with a view to capturing these in future national measures. After considering various ways to capture the change in quality of education output (such as the results of Ofsted inspections and the progress of cohorts of pupils through each of the Key Stages within the National Curriculum), DfES recommended the following to the ONS:

- A quality measure based on improvements in GCSE attainment; and

- An overall output measure adjusted for trends in earnings growth, to ensure that the measure of output reflects the same cost pressures as the measure of input (largely teacher costs).

\textsuperscript{21} AB Atkinson, ‘Measurement of Government Output and Productivity for the National Accounts’, 2005


\textsuperscript{23} D Card and AB Krueger, ‘School Resources and School Outcomes’, \textit{Annals of the American Academy of Political and Social Science} 559(39), 1998

\textsuperscript{24} DfES, ‘Measuring Government Educational Output in the National Accounts’, 2005
3.5.2 Educational Productivity

In fulfilling its statutory role, the ONS has reported periodically on ‘educational productivity’, which it defines as the ratio of education outputs to educational inputs\textsuperscript{25}. Even in so doing, the ONS recognises that a single numerical measure of productivity is unlikely ever to capture all the costs and benefits associated with the education sector. The academic research base also cautions against the risk of ‘the measurable driving out the unmeasurable’.\textsuperscript{26}

The 2006 ONS calculations define educational output in terms of pupil attendance (rather than pupil numbers, in line with the Atkinson recommendations\textsuperscript{27}), with an adjustment for the quality of education. However, the GCSE-based estimate of educational quality has not been updated, pending the results of future work between ONS and the four UK education departments.

3.5.3 An Overall Definition?

From a review of published literature and data, it is clear that there is no single accepted definition for VfM in the context of schools. A wide range of quantitative and qualitative considerations must be taken into account and various complex interrelationships are at play, including in relation to other areas of the public services. In seeking to move towards an overall definition of VfM, it is therefore necessary to take a pragmatic approach, focused particularly on practical considerations of data availability.

Quantitative Factors

While the level of education inputs is relatively straightforward to define, agreeing concepts relating to outputs is more challenging. In terms of examination results, pupil attainment data are readily available and a long-established feature of the education system.

However, there are certain caveats to the use of this definition of output over the longer term, particularly around any suspicion of ‘grade creep’ or dilution of educational standards over time. Furthermore, the use of data for performance only at GCSE level would provide a readout on the achievement of only one age cohort.

As explored later in the paper, pupils’ level of attainment is determined not just by the schooling he or she receives, but also by a host of other factors, including prior achievement levels and socio-economic background.

Therefore, defining outputs in terms of the educational value which schools add (effectively improvement in examination scores) may be a better criterion for assessing the activities which they undertake.


\textsuperscript{27} Atkinson (2005), \textit{ibid}
Qualitative Factors

It is well understood that pupils’ education is about more than just sitting examinations and encapsulates a wide variety of other features, such as personal and social development and the pastoral care they receive in schools.

The Government’s strategy for children, ‘Every Child Matters’,28 recognises that these outcomes for pupils (the personal benefits they receive from going through the education system) are also important. The related Outcomes Framework sets out a range of benefits children should receive from the education system, along with a set of targets and performance indicators. However, as discussed later in our report, these targets share many similarities with more traditional measures of educational attainment, and are expressed in largely quantitative terms, in recognition of difficulties in practically measuring qualitative outcomes and constraints on the availability of data.29

In the sections that follow, we also discuss differences in the characteristics of schools that have been observed to deliver both high and low levels of effectiveness. This analysis indicates that many of the qualitative considerations within a pupil’s education are closely associated with levels of examination performance. In view of the above, and keeping practical considerations in mind, we believe that the most workable definition of value for money in schools must focus on variables that can be measured in quantitative terms.

A Way Forward?

In seeking an overall definition for VfM in schools, it is therefore important to:

- Isolate the effect of schools’ activities on pupil performance, as opposed to factors beyond their control;
- Work within the constraints of data that are either currently available or can be obtained without an undue burden in terms of cost or time; and
- Derive a metric that can be readily compared, either through time, or at a specific point in time, at national, local and individual school levels.

Potential Definition

A range of guidance and literature30 has previously attempted to draw together the quantitative elements of VfM relating to the cost of services and the value they add, to provide an overall definition for VfM and cost-effectiveness in schools. Such a ‘cost-effectiveness ratio’ could encapsulate schools’ average unit cost per pupil and the average CVA per pupil.

In other words, VfM could potentially be defined in terms of educational value added per pound spent. There is no general consensus on the definition of VfM in schools, and we recognise that CVA is not perfect as a measurement tool (as discussed in Section 4).

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28 DfES (2004), ibid
29 R Levacic and A Vignoles, ‘Researching the Links between School Resources and Student Outcomes in the UK: A Review of Issues and Evidence’, Education Economics Vol 10 No 3, 2002
30 Jesson, Mayston and Smith (1987), ibid
However, we believe that the definition we have suggested is practically focused and pragmatic, and would not prove unduly contentious among academics, policy-makers or practitioners.

In the next chapter, we consider the data currently available to measure VfM in schools and associated implications for the definition suggested above.
4 MEASURING VALUE FOR MONEY IN SCHOOLS

4.1 Introduction

As noted in the previous chapter, the availability and quality of information available will be of central importance in measuring VfM, no matter how it is defined. A number of studies have, however, pointed to the problems involved in modelling the relationship between achievement and resourcing in education.

In this section of the report, we examine a range of potential measurement tools related to VfM in schools, in both financial and non-financial terms.

4.2 Financial Measurement Tools

4.2.1 Consistent Financial Reporting

Consistent Financial Reporting (CFR) was recently introduced for schools in England, with the aim of improving the robustness and comparability of financial and other operational information produced by individual schools.

CFR captures the levels of income, expenditure and surplus or deficit which schools have generated in each financial year. In collating the returns submitted, CFR allows comparisons of spending and service consumption patterns, with the aim of allowing schools to assess where they can improve the VfM they deliver.

DfES’s guidance on CFR indicates that a range of stakeholders will gain benefits from this new national reporting system, with specific reference to the economy and efficiency aspects of schools’ performance:

<table>
<thead>
<tr>
<th>Stakeholder Group</th>
<th>Example Benefits of CFR</th>
</tr>
</thead>
</table>
| Head Teachers     | Benchmarking performance internally across school departments  
|                    | Benchmarking performance externally against other suitable comparator schools  
|                    | Ensuring compliance with Financial Management Standard in Schools |
| Bursars           | Improving budgetary planning  
|                    | Benchmarking areas of school expenditure against suitable comparators |

31 DJ Mayston, ‘Educational Attainment and Resource Use: Mystery or Economic Misspecification’, 1996

32 DfES, 2007, ibid
In addition, the CFR framework helps facilitate benchmarking between schools at both national and local levels, across a range of functional areas which are relevant to a consideration of VfM in schools:

- Staff-to-pupil ratios;
- Average class sizes;
- Size and composition of school populations;
- Overall financial costs;
- Financial costs per pupil; and
- Pupil assessment information.

### 4.2.2 Benefits of Benchmarking

Previous guidance from central government\(^\text{33}\) has highlighted a number of potential benefits from benchmarking and key factors in maximising the value of the process.

The benefits of benchmarking are likely to be greatest in operational areas that schools can directly control and where significant potential for improvement has been identified (e.g. in terms of improvements in quality or reductions in cost).

Effective benchmarking will also require the selection of valid comparators. These could be drawn from within the same local authority, from neighbouring authority areas, or even suitable sites further afield. DfES also proposed the use of ‘benchmarking clubs’ to facilitate comparisons and dialogue between individual schools.

DfES also emphasised the importance of strong school leadership in delivering effective benchmarking. The quality and strength of school leadership is a recurrent theme in the evidence base on VfM in schools and is revisited in later sections of the report.

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4.2.3 Limitations of Benchmarking

While a useful tool in assessing school performance, benchmarking carries some potential limitations:

- In forming benchmarking ‘clubs’, it is essential to select a group of schools in similar circumstances if the comparisons drawn are to be meaningful;

- Comparison against a national median performance level may be of less use than benchmarking against the very best comparable performers, and could lead indirectly to schools’ performance converging around the benchmark established; and

- As with all types of management information, benchmarking data are only of value if they are used in the process of running the school. Strong processes for development planning and school self-evaluation are necessary if the value of benchmarking data is to be maximised.

4.3 Other Quantitative Metrics

4.3.1 Best Value Performance Indicators

While schools do not have a statutory duty to achieve Best Value in their operations (in contrast to local authorities), applying the principles of Best Value at school level can help measure and ultimately improve the performance of schools.

Important aspects in relation to measurement will include:

- Benchmarking pupils’ attainment and progress against levels in other schools (e.g. through the use of RAISEonline data);

- Tracking the value added by schools, for example:
  - Comparison of pupils’ actual achievement against targets;
  - Comparison of performance between teachers and classes in individual schools;
  - Comparison of performance by subject across the key areas of reading, writing and arithmetic; and
  - Comparison of progress between pupils of lower, average and higher ability;

- Other quantitative measures of performance, including:
  - Incidents of adverse pupil behaviour;
  - Comparison of actual and budgeted expenditure;
  - Pupil and parent satisfaction surveys; and

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Expenditure per pupil by cost category (e.g. equipment, maintenance, staffing).

The Best Value guidance puts forward a range of potential indicators for the cost, quality and efficiency of service delivery within individual local authorities:

**Table 4.2:**
Best Value Indicators in Education

<table>
<thead>
<tr>
<th>Area</th>
<th>Potential Indicators</th>
</tr>
</thead>
</table>
| Cost and efficiency       | Percentage of primary schools with more than 25% surplus capacity  
                            | Percentage of secondary schools with more than 25% surplus capacity  
                            | Percentage of pupils achieving five or more GCSEs at grades A* to C  
                            | Percentage of pupils achieving five or more GCSEs, including English and Maths  
                            | Percentage of Key Stage 2 pupils achieving Level 4 or higher in English/Maths  
                            | Percentage of Key Stage 3 pupils achieving Level 5 or higher in English/Maths/Science/ICT  
                            | Youth Service expenditure per head of pupil population and for individual age bands |
| Quality                   | Percentage of Special Educational Needs statements prepared within 18-week timeframe |
| Fair access               | Percentage of pupils permanently excluded from schools  
                            | Percentage of half-days missed due to truancy in primary/secondary schools  
                            | Percentage of schools subject to Special Measures  
                            | Percentage of excluded pupils given additional tuition, analysed by number of hours each week |
| Other                     | Comparison of LEA Schools Budget with allocated Schools Formula Spending Share  
                            | Training and development activities for teachers in Childcare and Early Years services |

In addition, the latest National Indicators in relation to local government performance contain a wide range of measurements which are relevant to VfM in schools:

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### Table 4.3
New National Indicators for Local Government Performance

<table>
<thead>
<tr>
<th>National Indicator</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>NI72</td>
<td>Achievement of at least 78 points across the Early Years Foundation Stage with at least 6 in each of the scales in Personal Social and Emotional Development and Communication, Language and Literacy</td>
</tr>
<tr>
<td>NI73</td>
<td>Achievement at level 4 or above in both English and Maths at Key Stage 2 (Threshold)</td>
</tr>
<tr>
<td>NI74</td>
<td>Achievement at level 5 or above in both English and Maths at Key Stage 3 (Threshold)</td>
</tr>
<tr>
<td>NI75</td>
<td>Achievement of 5 or more A*-C grades at GCSE or equivalent including English and Maths (Threshold)</td>
</tr>
<tr>
<td>NI76</td>
<td>Achievement at level 4 or above in both English and Maths at KS2 (Floor)</td>
</tr>
<tr>
<td>NI77</td>
<td>Achievement at level 5 or above in both English and Maths at KS3 (Floor)</td>
</tr>
<tr>
<td>NI78</td>
<td>Achievement of 5 or more A*-C grades at GCSE and equivalent including GCSEs in English and Maths (Floor)</td>
</tr>
<tr>
<td>NI79</td>
<td>Achievement at level 5 or above in Science at Key Stage 3</td>
</tr>
<tr>
<td>NI80</td>
<td>Achievement of a Level 2 qualification by the age of 19</td>
</tr>
<tr>
<td>NI81</td>
<td>Achievement of a Level 3 qualification by the age of 19</td>
</tr>
<tr>
<td>NI82</td>
<td>Achievement of a Level 2 qualification by the age of 19</td>
</tr>
<tr>
<td>NI83</td>
<td>Achievement of a Level 2 qualification by the age of 19</td>
</tr>
<tr>
<td>NI84</td>
<td>Inequality gap in the achievement of a Level 3 qualification by the age of 19</td>
</tr>
<tr>
<td>NI85</td>
<td>Inequality gap in the achievement of a Level 2 qualification by the age of 19</td>
</tr>
<tr>
<td>NI86</td>
<td>Inequality gap in the achievement of a Level 2 qualification by the age of 19</td>
</tr>
<tr>
<td>NI87</td>
<td>Achievement of 2 or more A*-C grades in Science GCSEs or equivalent</td>
</tr>
<tr>
<td>NI88</td>
<td>Post-16 participation in physical sciences (A Level Physics, Chemistry and Maths)</td>
</tr>
<tr>
<td>NI89</td>
<td>Secondary schools judged as having good or outstanding standards of behaviour</td>
</tr>
<tr>
<td>NI90</td>
<td>Secondary schools judged as having good or outstanding standards of behaviour</td>
</tr>
<tr>
<td>NI91</td>
<td>Number of Extended Schools</td>
</tr>
<tr>
<td>NI92</td>
<td>Number of Extended Schools</td>
</tr>
<tr>
<td>NI93</td>
<td>Number of Extended Schools</td>
</tr>
<tr>
<td>NI94</td>
<td>Number of Extended Schools</td>
</tr>
<tr>
<td>NI95</td>
<td>Number of Extended Schools</td>
</tr>
<tr>
<td>NI96</td>
<td>Number of Extended Schools</td>
</tr>
<tr>
<td>NI97</td>
<td>Number of Extended Schools</td>
</tr>
<tr>
<td>NI98</td>
<td>Number of Extended Schools</td>
</tr>
<tr>
<td>National Indicator</td>
<td>Description</td>
</tr>
<tr>
<td>--------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>NI99</td>
<td>Children in care reaching level 4 in English at Key Stage 2</td>
</tr>
<tr>
<td>NI100</td>
<td>Children in care reaching level 4 in Maths at Key Stage 2</td>
</tr>
<tr>
<td>NI101</td>
<td>Children in care achieving 5 A*-C GCSEs (or equivalent) at Key Stage 4 (including English and Maths)</td>
</tr>
<tr>
<td>NI102</td>
<td>Achievement gap between pupils eligible for free school meals and their peers achieving the expected level at Key Stages 2 and 4</td>
</tr>
<tr>
<td>NI103</td>
<td>Special Educational Needs – statements issued within 26 weeks</td>
</tr>
<tr>
<td>NI104</td>
<td>The Special Educational Needs (SEN)/non-SEN gap – achieving Key Stage 2 English and Maths threshold</td>
</tr>
<tr>
<td>NI105</td>
<td>The Special Educational Needs (SEN)/non-SEN gap – achieving 5 A*-C GCSEs inc. English and Maths</td>
</tr>
<tr>
<td>NI106</td>
<td>Young people from low income backgrounds progressing to higher education</td>
</tr>
<tr>
<td>NI107</td>
<td>Key Stage 2 attainment for Black and minority ethnic groups</td>
</tr>
<tr>
<td>NI108</td>
<td>Key Stage 4 attainment for Black and minority ethnic groups</td>
</tr>
<tr>
<td>NI109</td>
<td>Number of Sure Start Children Centres</td>
</tr>
</tbody>
</table>

### 4.3.2 School Improvement Reports

Ofsted and DfES have published various reports for maintained primary and secondary schools which bring together a range of performance data in order to assess the extent to which schools have improved over time.

As noted in the table below, these measures consider both the progress of individual pupils and the Key Stage achievement of different pupil cohorts at various points in time:

<table>
<thead>
<tr>
<th>Table 4.4: Measures of School Effectiveness and Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sector</strong></td>
</tr>
<tr>
<td>------------</td>
</tr>
<tr>
<td>Primary</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

---

### Improvement Indicators

<table>
<thead>
<tr>
<th>Sector</th>
<th>Phase of Education</th>
<th>Maths and Science</th>
<th>CVA across individual subjects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secondary</td>
<td>Progress between Key Stages 1 and 2</td>
<td>% of pupils who started Key Stage 2 at a level below the equivalent of Level 4 who progressed to beyond Level 4 by the end of the Key Stage, for English, Maths and Science</td>
<td></td>
</tr>
<tr>
<td>Secondary</td>
<td>Progress between Key Stages 2 and 3</td>
<td>% of pupils who started Key Stage 3 at a level below the equivalent of Level 4 who progressed to beyond Level 5 by the end of the Key Stage, for English, Maths and Science</td>
<td></td>
</tr>
<tr>
<td>Secondary</td>
<td>Key Stage 3</td>
<td>Average point scores, including breakdown by pupil characteristics (e.g. gender, ethnicity, entitlement to free school meals)</td>
<td>% of pupils attaining at least Level 5 in English, Maths and Science</td>
</tr>
<tr>
<td>Secondary</td>
<td>Key Stage 4</td>
<td>Average point scores, including breakdown by pupil characteristics</td>
<td>% of pupils attaining five or more GCSEs at Grades A* to C or A* to G</td>
</tr>
<tr>
<td>Secondary</td>
<td>Progress between Key Stages 3 and 4</td>
<td>Progress from Key Stage 3 performance to GCSE performance for English, Maths and Science</td>
<td></td>
</tr>
<tr>
<td>Sixth form</td>
<td></td>
<td>Average point scores</td>
<td></td>
</tr>
</tbody>
</table>

### 4.4 Using Value-Added Measures

In Section 3 of the report, we suggested that VfM in schools could be defined as educational value added per pound of educational expenditure. This definition was proposed as a pragmatic, practical means of focusing on schools’ activities, which would also allow benchmarking through time and at a single point in time, within the envelope of data currently available, including DCSF’s Contextual Value Added measure.

We believe value-added measures represent a considerable improvement over the previous threshold attainment measures, in terms of both what is being measured (progress adjusted for prior attainment, rather than raw student outcomes) and who is being measured (progress of all pupils, rather than just those who cross an arbitrary attainment threshold).

Even so, they are not perfect indicators, and it is necessary in any discussion to recognise their inherent limitations. Chief among these is a need for clarity on the purpose of the measures themselves. If CVA is to be used as a predictor of future attainment, then every measurable factor relevant to pupil performance should be included in the modelling process, even at the expense of increased complexity. If CVA is used as a measure of school improvement (or to allocate funding), there is little point in capturing factors which schools
cannot influence. Similarly, if CVA data are to be used for accountability purposes, the model must be understandable and useable by relatively non-technical stakeholders.

Other factors worthy of note include the following:

- If value-added models become more complex in the search for greater accuracy, education professionals may find them harder to understand, challenge and act upon;

- Some contextual factors are included because they are easier to measure (e.g. entitlement to Free School Meals) while others are omitted because they add too much complexity to the model. In addition, FSM is an imperfect measure of pupil deprivation, as some eligible families may elect not to claim FSM (e.g. for cultural reasons) and other families may suffer deprivation but not be entitled to FSM;

- It is unrealistic to suggest that schools will add value to all pupils in equal measure, and CVA does not facilitate an assessment of the contributions individual teachers make to student attainment levels;

- Representative sampling of individual pupils’ progress may prove a more cost-effective way of assessing value added than considering every child from every postcode and from every ethnic background; and

- Local Authorities may apply different standards in assessing entitlement to Special Educational Needs funding.

It would be churlish to suggest that value-added measures such as CVA can provide a perfectly precise readout on school performance. However, in the light of the extensive data on value-added measures currently available and their many advantages over attainment-based measures, we believe any practical overall definition of VfM in schools should feature a measure of value added, as described in Section 3.

4.5 Qualitative Measurement Tools

Outcomes for school pupils are at the heart of ‘Every Child Matters’, the Government’s cross-cutting programme to improve the provision of children’s services.

In addressing how children can best enjoy and achieve in life, ‘Every Child Matters’ sets out a number of key themes in relation to schools, with associated targets and indicators37:

From the table above, it is clear that many of the recommended performance indicators in relation to qualitative pupil outcomes are similar to the quantitative metrics for pupil attainment and progress discussed earlier in the report.

This similarity has important implications for the practical measurement of VfM in schools. Many of the same performance indicators can be applied in terms of the outputs from the education process (e.g. the overall level of attainment which the system generates) and the outcomes for pupils (e.g. the progress of pupils within individual age cohorts and the level of qualifications they achieve and subsequently take into the labour market).

The approach taken by Government therefore indicates that both the quantitative and qualitative aspects of VfM can be readily measured within an envelope of data which is either currently produced or accessible without undue difficulty.

### 4.6 Worked Example on Measuring VfM

Below, we set out a simple worked example on measuring VfM in line with our suggested definition, making use of CVA data and information on schools’ formula funding for two secondary schools:
### Table 4.6:
Worked Example on Measuring VfM

<table>
<thead>
<tr>
<th></th>
<th>School A</th>
<th>School B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average GCSE point score</td>
<td>300</td>
<td>320</td>
</tr>
<tr>
<td>Value added between Key Stages 2 and 4 [A]</td>
<td>1000</td>
<td>900</td>
</tr>
<tr>
<td>Formula funding (£’000) [B]</td>
<td>5000</td>
<td>5000</td>
</tr>
<tr>
<td>‘VfM’ ratio = [A/B]</td>
<td>0.20</td>
<td>0.18</td>
</tr>
</tbody>
</table>

In the above example for two schools receiving equal funding, School A’s pupils achieve lower point scores at GCSE than School B’s, but School A adds greater value in overall educational terms between the ages of 11 and 16. Therefore, following the definition suggested in Section 3, School A enjoys a higher ‘VfM ratio’ than School B.

### 4.7 Conclusions

Earlier in the report, we considered various approaches to defining VfM in schools, together with practical aspects relating to the availability of data, and suggested that VfM could be expressed as the relationship between value added in educational terms and total cost per pupil.

In this chapter, we have explored the various tools available for measuring variables in the overall VfM assessment. We consider there to be a plentiful supply of available information in relation to both pupil progress and cost of service delivery. If the quality and consistency of this data is of the standard required, this would allow VfM (as expressed in our proposed definition) to be readily calculated in practice.

Furthermore, the body of evidence available on individual schools will be of significant assistance to institutions in benchmarking their own performance and identifying areas where VfM should be shored up or improved. We discuss these issues further in the sections that follow.
5 SECURING VALUE FOR MONEY IN SCHOOLS

5.1 Introduction

In striving to enhance value added, it is important for schools not to lose sight of their need to maintain VfM in their existing activities. This has implications for the actions schools need to take in both financial and non-financial terms.

This section of the report summarises the existing evidence base in relation to securing VfM in schools.

5.2 VfM in Public Service Delivery

Parliament has identified seven key aspects of public service delivery which all Government Departments should seek to target in achieving better VfM:

1. **Robust project planning**, ensuring timescales for implementation are realistic and making full use of pilot schemes prior to full rollout;

2. **Strengthening project management**, with realistic business cases and timescales, robust risk assessment and effective contingency planning;

3. **Reducing complexity and bureaucracy**, streamlining overly complex processes as far as possible and reducing tiers of expensive bureaucracy;

4. **Improving productivity**, matching resources to workload and benchmarking wherever possible to identify excessive costs and sub-par performance;

5. **Improving commercial awareness**, exploiting buying power to secure better deals, increasing professionalism of the procurement function and focusing on longer-term VfM rather than simply lowest price;

6. **Tackling fraud**, with better information, improved technology and visible penalties; and

7. **Better implementation of policies and programmes**, properly planned and strongly managed.

These factors underpin VfM across all areas of the public services, including schools.

5.3 VfM through Financial Management

Maintaining effective financial management and control within schools is important in ensuring that schools deliver their services economically and efficiently. Schools have been issued with extensive guidance in recent years which collates and formally codifies best practice on financial management.

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5.3.1 The Role of Financial Management in Delivering VfM

While robust financial management is an important pillar of the overall structures which aim to deliver VfM in schools, it is important to draw a distinction between these two terms.

Strong financial controls and strategic planning processes can make a contribution to VfM, particularly in relation to the economy and efficiency with which services are delivered, but many other factors are relevant to the achievement of VfM in schools, and are discussed later in this section.

5.3.2 Balancing the Budget

The Audit Commission and Ofsted have written extensively on steps which schools can take to not only maintain financial equilibrium but also maximise the impact of the finite resources at their disposal.

To help schools ensure a balanced budget position, the Audit Commission and Ofsted have recommended a range of areas in which schools should strive to achieve a high standard of competence, including:

- Governance procedures;
- Financial planning and budget-setting;
- Monitoring of actual expenditure against budget and timely corrective action;
- Procurement procedures, including propriety and regularity;
- Internal processing controls over income, bank balances, payroll, petty cash, taxation and voluntary funds; and
- Insurance and security over assets and data.

5.3.3 Maximising the Impact of Existing Resources

Other previous guidance from Ofsted and the Audit Commission has offered a framework for Governing Bodies and head teachers to help ensure they make optimum use of the resources available to them and hence deliver the best VfM possible. Key areas for consideration include:

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40 Ofsted/Audit Commission, ‘Getting the Best from Your Budget: A guide to the effective financial management of school resources’, 2000
<table>
<thead>
<tr>
<th>Theme</th>
<th>Key Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishing the educational context to financial decisions</td>
<td>Annual benchmarking of outcomes against similar schools to identify where schools need to improve and target resources</td>
</tr>
<tr>
<td></td>
<td>Using self-evaluation and inspection to identify strengths and target resources on areas for improvement</td>
</tr>
<tr>
<td></td>
<td>Systematic challenge of school curriculum and arrangements for support and care, to ensure they meet the needs of all pupils</td>
</tr>
<tr>
<td></td>
<td>Planning the use of resources to support the achievement of national and local priorities as well as the school’s own objectives</td>
</tr>
<tr>
<td>Establishing the financial context to financial decisions</td>
<td>Sound strategic planning, based on a robust analysis of financial resources for the next three years derived from projected pupil numbers and estimates of income</td>
</tr>
<tr>
<td></td>
<td>Maximising income through ensuring schools receive all the funding to which they are entitled</td>
</tr>
<tr>
<td></td>
<td>Reflection of both ongoing expenditure and funding of new initiatives in strategic plans</td>
</tr>
<tr>
<td>Decisions on the use of school resources to maximise educational outcomes</td>
<td>Detailed cost-benefit analysis of options when deciding on a particular course of action</td>
</tr>
<tr>
<td></td>
<td>Consultation of staff, parents and other stakeholders before significant changes to allocation of resources</td>
</tr>
<tr>
<td></td>
<td>Balanced allocation of resources across key spending areas to ensure that high funding in one area does not compromise quality in another</td>
</tr>
<tr>
<td></td>
<td>Transparency in allocating financial resources to budget holders in relation to ongoing commitments and agreed developments</td>
</tr>
<tr>
<td>Challenging the existing use of resources</td>
<td>Regularly challenging existing patterns of expenditure to identify possible savings or alternative use of resources, using internal and external financial benchmarking where possible</td>
</tr>
<tr>
<td></td>
<td>Review of services received from outside providers (in terms of quality, cost and impact) before renewal of contracts</td>
</tr>
<tr>
<td></td>
<td>Regular consideration of school services to see if another provider could deliver them to an acceptable standard at a more competitive price</td>
</tr>
<tr>
<td></td>
<td>Periodic review of staff deployment to ensure their skills are used to bring maximum benefit to pupils’ learning</td>
</tr>
<tr>
<td></td>
<td>Training of budget holders in forecasting, budgeting, purchasing and monitoring expenditure, so they can play a role in improving the school’s efficiency and effectiveness</td>
</tr>
<tr>
<td></td>
<td>Allocation of funding for staff training and professional development based on national and local priorities, the school’s own priorities for development, and the individual needs identified through appraisal</td>
</tr>
</tbody>
</table>
### 5.3.4 Best Practice in Financial Management

The advent of Local Management of Schools (LMS) marked a step change in schools’ responsibility for their own financial management and in the standards they were expected to reach in this regard. A study by Simkins (1994)\(^{41}\) on the early years of LMS regime found that at individual school level, LMS encouraged schools to think closely about the efficiency of their resource allocation, but provided little evidence of the impact of LMS on school effectiveness.

Issued in 2007, the Financial Management Standard in Schools (FMSiS)\(^{42}\) brings together a range of guidance to provide a central resource for guidance on schools’ financial management.

FMSiS considers the principal themes within school financial management and sets out a number of key thresholds which schools must attain in order to be compliant with FMSiS in overall terms.

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### Table 5.2:
**Essential Features of Good Financial Management in Schools**

<table>
<thead>
<tr>
<th>Theme</th>
<th>Essential Requirements</th>
</tr>
</thead>
</table>
| **Leadership and Governance** | - Shared understanding of respective financial management roles and responsibilities among staff and Governors  
- Effective school governance arrangements to ensure that Governors can fulfil financial management roles, responsibilities and accountabilities  
- Head teacher and bursar set an example to Governors and staff in relation to financial management  
- Governing Body to consider and sign Statement on Internal Control confirming that resources have been properly managed  
- Establishment of effective governance arrangements covering issues such as conflicts of interest and ‘whistle-blowing’ |
| **People Management**        | - Governing Body should contain an appropriate mix of skills and experience in relation to financial management that can help ensure accountability, provide strategic leadership and exercise an effective challenge function  
- Staff with financial management responsibilities should include individuals who can provide a strategic overview, ensure accountability requirements are met and facilitate the effective operation of financial processes |
| **Policy and Strategy**       | - School’s annual budget should be realistic and affordable given available resources, and should be approved by Governors on a timely basis. Budget should also be consistent with School Development Plan and longer-term development plans, including deficit recovery or amassing resources for future developments  
- Staff and Governors should benchmark school’s performance against other schools, investigate areas of difference and take appropriate corrective action |
| **Partnerships and Resources**| - Clear agreement of respective financial management roles and responsibilities between school and Local Authority  
- Robust procurement arrangements to secure VfM from all suppliers, including the Local Authority and outside contractors |
<table>
<thead>
<tr>
<th>Theme</th>
<th>Essential Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Processes</td>
<td>Financial management information provided to staff and Governors should be relevant, accurate, timely and user-friendly</td>
</tr>
<tr>
<td></td>
<td>School should provide Local Authority with accurate and up-to-date information that meets its needs</td>
</tr>
<tr>
<td></td>
<td>School should fully comply with CFR requirements on a timely basis</td>
</tr>
<tr>
<td></td>
<td>School’s financial regulations and procedures should be kept up to date, documented, tailored to the school’s needs, approved and implemented consistently</td>
</tr>
<tr>
<td></td>
<td>School should maintain proper accounting records throughout the year</td>
</tr>
<tr>
<td></td>
<td>Governors and staff should obtain evidence that effective controls operate over all aspects of the school’s financial management system (which could include internal audit arrangements and Statements on Internal Control)</td>
</tr>
</tbody>
</table>

5.4 Educational Performance

5.4.1 Role of Governors

In its guidance to governors, the National Audit Office (NAO) has highlighted a number of factors which are relevant for governors’ consideration in securing and improving school performance:

- The existing skills base of the governing body and ongoing requirements for training and development;
- The governing body’s assessment of the school’s leadership and the steps the school leadership takes to train and develop other senior staff;
- The governing body’s review and approval of the school’s self-evaluation;
- Arrangements to ensure effective recruitment and retention of teachers and provide them with appropriate ongoing professional development;
- Management of staff sickness and absence rates;
- Feedback from pupils (e.g. pupil satisfaction surveys);
- Monitoring of levels of attainment in the school as a whole, as well as at class and pupil levels, and investigation of significant divergences from targets;
- Management and monitoring of pupil attendance rates;

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• The establishment of a pupil behaviour policy and associated ‘contracts’/agreements with parents;
• Level of financial management skills and expertise within the school;
• Current levels of building maintenance and plans for future maintenance activity; and
• Liaison and engagement with stakeholders in the local community.

5.4.2 Role of Head Teachers

As the leading professional within a school and the individual accountable for the quality of education, head teachers play a key role in delivering VfM, in all its aspects. In recent years, central Government\(^{44}\) has striven to set clear standards for the levels of expertise and professionalism expected from school heads:

<table>
<thead>
<tr>
<th>Action</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leading and managing learning and teaching</td>
<td>Developing a culture of respect and good behaviour</td>
</tr>
<tr>
<td></td>
<td>Creating an appropriate ethos in the school</td>
</tr>
<tr>
<td></td>
<td>Setting high expectations</td>
</tr>
<tr>
<td></td>
<td>Supporting and encouraging good practice</td>
</tr>
<tr>
<td></td>
<td>Monitoring and evaluating quality of learning</td>
</tr>
<tr>
<td>Leading and developing people</td>
<td>Promoting ambition</td>
</tr>
<tr>
<td></td>
<td>Commitment to collegiality</td>
</tr>
<tr>
<td></td>
<td>Developing, empowering and supporting effective teams and individuals</td>
</tr>
<tr>
<td>Leading improvement</td>
<td>Supporting and maintaining existing good practice</td>
</tr>
<tr>
<td></td>
<td>Encouraging and promoting constant improvement</td>
</tr>
<tr>
<td>Using resources effectively</td>
<td>Making best strategic and operational use of resources</td>
</tr>
<tr>
<td></td>
<td>Creating, maintaining and monitoring the environment for teaching and learning</td>
</tr>
<tr>
<td></td>
<td>Supporting continuous improvement</td>
</tr>
<tr>
<td>Building community</td>
<td>Developing and maintaining partnerships with parents, children, young people and other agencies</td>
</tr>
<tr>
<td></td>
<td>Extending the educational vision to embrace an agenda of lifelong learning</td>
</tr>
</tbody>
</table>

Later in the report, we revisit the central role of head teachers in relation to school improvement.

\(^{44}\) Scottish Executive, ‘Ambitious, Excellent Schools: Standard for Headship – A Consultation Paper’, 2005
5.5 Conclusions

All the public services, including schools, are constantly encouraged to improve the VfM they deliver from their use of taxpayers’ money.

Even with this push for improved services, it is important for schools not to neglect the need to protect and safeguard existing levels of provision. Clear guidance exists to help schools do this, in relation to both financial and pure educational elements of their activities.
6 IMPROVING VALUE FOR MONEY IN SCHOOLS

6.1 Introduction

There is a significant body of evidence relating to how schools can improve the economy, efficiency and effectiveness of the services they offer. The evidence base is drawn from both Government guidance and academic literature, and relates to both:

- Schools’ processes and how they manage their activities; and
- The resources they deploy in delivering their services.

Both of these factors may have a role to play in generating improvements in school productivity and VfM. However, the evidence base gives mixed results as to the relative importance of these factors in relation to school effectiveness and improvement.

This section of the report considers the relevant literature and data, together with the implications at national, local and individual school levels.

6.2 Best Value Principles

In the section of the report relating to Measurement, we highlighted the potential for using LEAs’ Best Value Performance Indicators as a measure of VfM at school level. Applying the four broad principles of Best Value can also play a role in improving school performance, as previously reported by Ofsted and DfES:

Table 6.1: Applying Best Value Principles to Improve VfM in Schools

<table>
<thead>
<tr>
<th>Best Value Principle</th>
<th>Potential Applications at School Level</th>
</tr>
</thead>
</table>
| ‘Challenge’           | Improving continuity in teaching and planning lessons  
                        | Rationalising school management  
                        | Openness in decision-making  
                        | Self-review and evaluation at Departmental level  
                        | Decisions on outsourcing of ‘soft services’  
                        | Contract renewals and potential to switch suppliers |
| ‘Compare’             | Benchmarking pupil attainment and school financial performance through the CFR framework  
                        | Networking with peer group schools  
                        | Collaboration with other schools in procurement  
                        | Clearly contrasting ‘lowest price’ and ‘best value’ |

6.2.1 Best Value and Procurement

DfES has reported separately\(^{46}\) on how each of the principles of Best Value can be applied in improving the VfM schools achieve from their procurement activities:

- ‘Challenge’: Critically assessing the need for existing services, the ways they currently procure services, and decisions on whether to outsource aspects of service provision;
- ‘Compare’: Cost and quality comparisons between managers of individual schools and the use of benchmark data collated by Local Authorities and the Audit Commission;
- ‘Consult’: Engagement with staff, pupils, parents, governors and the wider community; and
- ‘Compete’: Decisions on selection of suppliers, formation of buying consortia or use of brokers in procurement.

6.3 Characteristics of an Effective School

A 2006 report by Hedra on behalf of DfES\(^{47}\) examined a sample of 38 secondary schools across England which had been assessed as ‘highly effective’ against DfES’s measures of educational value added, to investigate the particular characteristics that contributed to their effectiveness.

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While a number of common themes emerged across all the schools considered, no correlation was noted for a number of other operational areas. However, other UK studies also corroborate the importance of a clear school ethos, strong leadership, high-quality teaching, stakeholder engagement and pupil inclusion in contributing to school effectiveness.

Table 6.2:
Factors in School Effectiveness

<table>
<thead>
<tr>
<th>Common Themes in Effectiveness</th>
<th>No Correlation Noted</th>
</tr>
</thead>
<tbody>
<tr>
<td>School ethos</td>
<td>Approach to governance</td>
</tr>
<tr>
<td>Leadership and vision</td>
<td>Streaming or setting of classes</td>
</tr>
<tr>
<td>Data analysis and performance</td>
<td>Size of classes</td>
</tr>
<tr>
<td>Staffing</td>
<td>Financial management practices and expertise</td>
</tr>
<tr>
<td>Curriculum</td>
<td>Physical quality of learning environment</td>
</tr>
<tr>
<td>Inclusion</td>
<td></td>
</tr>
<tr>
<td>Sources of funding</td>
<td></td>
</tr>
<tr>
<td>Planning</td>
<td></td>
</tr>
</tbody>
</table>

In a 2003 analysis in the United States, Briggs and Wohlstetter examined the impact of the School-Based Management (SBM) reform package, which aimed to improve student achievement, increase accountability, raise efficiency and involve relevant stakeholder groups more closely in the education process. Their study drew out a range of key success factors for the SBM initiative, a number of which are consistent with the findings of UK research:

- An active, living vision focused on teaching and learning coordinated with performance standards;
- Authority to make decisions on budget, curriculum and personnel which create meaningful change in teaching and learning;
- Dispersal of power to networks of decision-making teams throughout the school;
- Ongoing development of knowledge and skills across school management;
- Robust arrangements for collecting and communicating information;
- Use of monetary and non-monetary incentives to reward performance towards school goals;
- A culture of shared leadership among administrators and teachers; and

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• Cultivating links with stakeholders in the community.

### 6.3.1 School Ethos

A clear and positive ethos emerged as a strong common theme across the highest performing schools in the Hedra study.

Important characteristics included the strength and visibility of school leadership, and clear communication of the school’s values and standards to pupils. The best performing schools had a strong desire to evolve and improve on a continual basis, learning from best practice in the UK and abroad. Many schools had also established a code of conduct for student behaviour.

The best performing schools shared an inclusive approach to education and made extensive use of extra-curricular activities in delivering their services. Many of the most effective schools also arranged for former pupils to come back to the school and address the existing student body as ‘role models’.

### 6.3.2 Leadership and Vision

The strength of leadership was identified as another key factor in school effectiveness, driving improvements in standards and communicating a clear vision to all stakeholders (pupils, parents, governors and the wider community).

Within the school leadership function, the importance of a qualified and experienced bursar was also highlighted, as part of ensuring that all the school’s expenditure is geared towards generating benefits in terms of teaching or learning.

### 6.3.3 Data Analysis and Performance

High-performing schools were observed to make extensive use of performance data in assessing effectiveness and identifying areas for corrective action, in relation to both pupils and teachers.

Specific performance targets are set at student, class and subject levels, and these are clearly communicated to staff, students and parents to ensure transparency. Where problems are identified, management’s response was observed to be swift. Interestingly, many of the schools reviewed gave a relatively strong focus to maximising performance at GCSE level, and allocated resources accordingly, even if this meant a lesser emphasis on performance at Key Stage 3 level.

The most effective schools also set targets and objectives for teaching staff, and gave teachers a strong degree of accountability for the progression and attainment of their students. Performance monitoring arrangements for teachers were supplemented by direct observation during lessons.
6.3.4 **Staffing**

Effective staff recruitment and retention plans emerged as a common thread across the best performing schools.

In the most effective schools, recruitment was driven on the basis of quality, not cost, and many of the schools reviewed found it better to leave a post vacant than compromise on quality of personnel. In line with Best Value principles, departing staff members were not automatically replaced on a like-for-like basis.

The top schools had a clear commitment to ongoing training and development for their teaching staff. Other examples of effective practice included robust cover arrangements for sickness and absence, minimum use of agency and part-time staff, and using specialist teachers (rather than generalists) for specific subject areas. By contrast, it was desirable if non-teaching support staff could be multi-skilled, bringing adaptability and cost-effectiveness.

The best performing schools mixed a number of experienced teachers with many years' service in the school, along with other younger, more junior staff who would typically not tend to stay at the school for a prolonged period. The strongest teachers were deployed to classes where it was judged they could make the biggest impact in terms of value added (typically middle-ability sets at Key Stage 4 and post-16 provision).

The schools reviewed tended to allocate a significant level of staff time and resource to pastoral care of pupils, and staff were prepared to give up their own time to lead extra-curricular activities.

6.3.5 **Curriculum**

High-performing schools offered a curriculum tailored to suit the needs of their student body, whether vocational or academic in nature. They also regularly reviewed the financial and operational viability of individual courses within their overall curriculum offer.

They collaborated extensively with other providers (e.g. other schools or the Further Education sector) to help deliver the most effective offering possible for their pupils.

6.3.6 **Inclusion**

The highly effective schools reviewed provided specific resources for pupils with behaviour issues and took active steps to bring the widest range of students possible into the examination system.

6.3.7 **Sources of Funding**

Unsurprisingly, given their high levels of performance, many of the schools reviewed had also already achieved Specialist status.

While this brings its own obvious financial benefits in terms of the funding streams which schools can access, the process of applying for and achieving Specialist status encourages schools to think about their own particular strengths, weaknesses, opportunities and threats.
Undergoing this process of self-review has been suggested as another contributing factor to achieving a high level of effectiveness.

### 6.3.8 Planning

The rigour and robustness of the educational planning cycle comes across as a common thread amongst the highly effective schools reviewed. Typical features included the preparation of comprehensive School Improvement Plans and the publication of value statements, setting out the ethos of the school.

### 6.3.9 Areas Where No Correlation Noted

Possibly somewhat surprisingly, the Hedra study found no consistent commonality across high-performing schools in relation to the following areas:

- Governance procedures, including the use of innovative and imaginative approaches;
- Setting of classes;
- Average class size;
- Financial management practices and the overall quality of financial management expertise; and
- The quality of the learning environment, in relation to physical infrastructure and equipment.

### 6.4 Improving Poorly Performing Schools

In 2006, the National Audit Office reported\(^5\) on the characteristics of poorly performing schools (defined in terms of both pupils’ attainment and progress), and the steps required to effect a turnaround in performance.

#### 6.4.1 Factors in Poor Performance

As a counterpoint to other research, the NAO study highlights a range of problems common to many poorly performing schools:

- Ineffective leadership from head teachers;
- Weakness at Governing Body level;
- Poor standards of teaching;
- Lack of external support, whether from local authorities or neighbouring schools; and

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• Other challenging circumstances (e.g. a high proportion of pupils who are eligible for free school meals, or speak English as an additional language, or who have changed schools frequently).

Addressing these shortcomings is of central importance to improvement in poorly performing schools. The NAO study flagged up a number of crucial steps in the process of school turnaround:

**Table 6.3:**
Key Actions in School Turnaround

<table>
<thead>
<tr>
<th>Problem</th>
<th>Remedial Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>General underperformance</td>
<td>Establishing a culture of continuous improvement, including regular, honest self-</td>
</tr>
<tr>
<td></td>
<td>evaluation, acknowledging and responding to weaknesses identified</td>
</tr>
<tr>
<td>Quality of school leadership</td>
<td>More effective management of performance by Governing Bodies Change of person</td>
</tr>
<tr>
<td></td>
<td>nel if necessary</td>
</tr>
<tr>
<td>Quality of teaching</td>
<td>Better assessment of teachers Greater emphasis on coaching and development</td>
</tr>
<tr>
<td></td>
<td>Change of personnel if necessary</td>
</tr>
<tr>
<td>External support</td>
<td>Increased collaboration with other schools (possibly organised by Local</td>
</tr>
<tr>
<td></td>
<td>Authorities), including sharing of staff and facilities Maintenance of</td>
</tr>
<tr>
<td></td>
<td>relationships with partner schools, parents and Local Authorities</td>
</tr>
<tr>
<td>Challenging circumstances</td>
<td>Stronger management of pupil behaviour, including a clear, consistently enforced</td>
</tr>
<tr>
<td></td>
<td>consistently enforced disciplinary policy</td>
</tr>
</tbody>
</table>

Consistent with the Hedra study on high-performing schools, the NAO identified the key role of the head teacher in driving up performance and sustaining improvement in any school, and pointed to a need to identify and tackle any barriers which potentially discouraged suitable candidates from becoming school heads. The concept of ‘executive head teachers’ leading more than one school could make the best management expertise available to a range of schools (both highly and poorly performing), but school leadership is a challenging role, often requiring the leader to be present and highly visible in a particular location.

In this report, the NAO recommended that central and local government should act together in addressing poorly performing schools. Key elements of this partnership would be:

• **Early intervention:** Identifying schools at risk of failure and intervening as early as possible, before failure occurs. Potential indicators of problems include:
  - Lower than expected levels of pupil attainment and progress;
  - Ineffective school leadership;
  - Poor standard of teaching;
Increasing problems in relation to pupil behaviour;

Poor inspection reports; and

Declining applications for places at the school;

- **Staff recruitment**: Helping schools recruit good teachers, especially in areas where there is a shortage of teachers;

- **Financial transparency**: Improving the information schools get on future funding streams to allow for medium-term financial planning (although the funding formula recently introduced should provide greater certainty and clarity in this regard); and

- **Practical assistance**: Helping schools identify and manage their many other responsibilities, including parental liaison and choice and procedures on admissions.

### 6.5 Self-Evaluation and Review

Above, the quality of schools’ self-evaluation and review has been identified as one factor distinguishing highly effective schools from poor performers, and therefore as an important potential driver in improving VfM.

Ofsted and DfES have previously reported\(^{51}\) on the importance of schools having robust self-evaluation procedures, integrated with their operational management systems, regularly updated, and treated as a tool for continuous improvement rather than an administrative requirement relating to the inspection process. Done properly, self-evaluation is a useful mechanism for diagnosing schools’ strengths and weaknesses, identifying priorities for action, and planning the steps needed to bring about improvement within the school.

As they carry out their self-evaluation, schools should critically review the performance of learners (in both absolute and relative terms, measured by attainment and progress levels), and the impact on standards of the school’s leadership, management, governance and mix of provision (e.g. curriculum and pastoral care). School Improvement Partners also have a central role to play in this process.

In the course of self-evaluation, schools should take a number of steps to examine their current level of performance and identify ways in which they can improve in the future:

### Table 6.4:

**Improvement through Self-Evaluation**

<table>
<thead>
<tr>
<th>Questions for Self-Evaluation</th>
<th>Actions in Self-Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>How well does the school serve learners?</td>
<td>Analysing data from RAISEonline and other information held at school level</td>
</tr>
<tr>
<td></td>
<td>Considering other outcomes for learners in the context of ‘Every Child Matters’</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Questions for Self-Evaluation</th>
<th>Actions in Self-Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>How does the school measure up against the best schools and its closest comparators?</td>
<td>Identifying high-performing schools in similar circumstances and examining their practices in detail. Understanding why other schools rate highly on some measures and lower on others. Ensuring the priorities identified for improvement are based on relevant, reliable data.</td>
</tr>
<tr>
<td>How far is the process of self-evaluation embedded in the school’s processes?</td>
<td>Considering the degree to which self-evaluation can be integrated within key day-to-day management systems, including staff performance, professional development and pupil assessment and target-setting.</td>
</tr>
<tr>
<td>Does the self-evaluation process engage with relevant stakeholder groups?</td>
<td>Dialogue and interaction with learners, parents, staff, School Improvement Partners and Local Authorities. Peer review among comparable schools.</td>
</tr>
<tr>
<td>Does the self-evaluation process inform the school’s longer-term development goals?</td>
<td>Identifying a limited number of main priorities, based on the potential benefits to learners. Continuing to focus on improving outcomes for learners. Setting specific performance targets and establishing strong arrangements for monitoring and accountability. Setting clear objectives in relation to performance management. Spreading examples of best practice, both within schools and among different schools.</td>
</tr>
</tbody>
</table>

### 6.6 Educational Inputs and Outcomes

A considerable body of academic literature exists relating to VfM in schools, and addresses the impacts of a range of measurable education inputs on pupil outcomes.
As noted in previous sections, it has been well documented that the best predictor of a pupil’s current academic achievement is his or her prior level of attainment, which carries much greater weight than the value which schools can add through their activities. Other important considerations in a student’s performance include their background in socio-economic and cultural terms and their gender\(^{52}\).

Despite the strong influence of these inherent features on pupils’ level of attainment, schools’ activities have an important role to play. Within this evidence base, discussion has centred around the impact on educational outcomes of a number of key measurable inputs to the education process.

**Table 6.5:**
Inputs Impacting on Educational Outcomes

<table>
<thead>
<tr>
<th>Educational Input</th>
<th>Section Reference in Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure per pupil</td>
<td>6.7</td>
</tr>
<tr>
<td>Class size</td>
<td>6.8</td>
</tr>
<tr>
<td>Teacher experience</td>
<td>6.9</td>
</tr>
<tr>
<td>Teacher education</td>
<td>6.10</td>
</tr>
<tr>
<td>Teacher salaries</td>
<td>6.11</td>
</tr>
</tbody>
</table>

The following sections of the report review evidence from the UK and internationally on the effects of a range of inputs on educational outcomes.

### 6.7 Expenditure per Pupil

Successive Governments have highlighted the key role of education within the public services, and the need to ensure the schools system is properly resourced in financial terms. The impact of increased expenditure on educational outcomes is therefore an important aspect in considering how VfM in schools can be improved.

#### 6.7.1 International Evidence

On an international basis, the evidence of a positive association between school expenditure and student outcomes is mixed\(^{53}\).

A series of studies by Hanushek\(^{54}\)\(^{55}\)\(^{56}\)\(^{57}\), drawing an overall conclusion from a number of tests, suggested there was no strong systematic relationship between school expenditure and

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student performance. However, a number of other commentators took issue with this overall finding, pointing out that Hanushek’s series of tests produced more positive than negative results and that, on balance, a relationship could be said to exist between overall expenditure and outcomes.

Hedges, Laine and Greenwald\textsuperscript{58} conducted a separate examination of the same issue and found a robustly positive relationship between student achievement and expenditure per pupil. A number of other sources come to a similar conclusion. A study by Figlio\textsuperscript{59} found that reductions in education spending in the United States had a significant negative impact on student outcomes in maths, reading, science and social studies. Similarly, Dewey et al \textsuperscript{60} suggest that there is a causal relationship between expenditure per pupil and SAT tests for college admission in the United States, albeit on the basis of a relatively small sample.

Gupta, Tiongson and Verhoeven\textsuperscript{61} reviewed the proportion of national income invested in education across a range of countries (in the developed and developing worlds), and found that the higher the proportion of national income invested, the higher the rate of enrolment in overall terms. However, the results of this study are not separately analysed between developed and developing countries, making their meaning less clear in a UK context.

Marlow\textsuperscript{62} examined the linkages between expenditure and educational outcomes in a range of US counties, but found no evidence that higher expenditure led to higher levels of achievement among pupils. Many of the results within the study actually suggested a significant negative relationship between educational expenditure and outcomes; for instance, higher total expenditure in the school system may be sucked into administration costs or diverted to staff for reasons not directly related to their performance.

A 1996 study by Ruggiero\textsuperscript{63} suggested only a modest, albeit still significant, association between pupils’ examination scores and educational spending, and challenged the perception

\begin{thebibliography}{9}
\end{thebibliography}
that the impact of increased educational expenditure is likely to have a larger positive effect in low-achievement contexts than in high-achievement scenarios.

Bishop and Woessmann\textsuperscript{64} examined the impact of the structure of institutions within the education system on student performance, and suggested a number of reasons why an increase in education spending may not lead to an increase in student performance, including:

- The institutional structure of the system may allow spending to be diverted away from teaching:
- If students do not have incentives to learn, increases in spending may not bring large improvements in performance; and
- If educational expenditure within the system is already very large, increases in spending may bring diminishing returns.

Internationally, evidence on the relationship between total expenditure and student achievement is mixed, and there is little to suggest a strong linkage (either positive or negative).

### 6.7.2    UK Evidence

As with the international studies considered, there is no proven link between educational expenditure and pupil outcomes within the UK evidence base, and a relative lack of good empirical evidence on the effective use of resources within British schools. For example, Levacic and Vignoles\textsuperscript{65} highlight the significant constraints which a lack of good quality data has imposed on research into the education ‘production function’.

Over a long time period, a number of studies by Government\textsuperscript{66, 67} and academics\textsuperscript{68, 69} have highlighted the role of socio-economic factors in determining educational outcomes and have downplayed the importance of overall education expenditure in this regard.

As recognised in earlier sections of the report, pupils’ prior attainment and family background have been consistently identified as very significant factors in determining educational attainment.

\textsuperscript{64} JH Bishop and L Woessmann, ‘Institutional Effects in a Simple Model of Educational Production’, \textit{Education Economics} 12(1), 17-38, 2004
\textsuperscript{65} R Levacic and A Vignoles, ‘Researching the Links between School Resources and Student Outcomes in the UK: A Review of Issues and Evidence’, \textit{Education Economics} 10(3), 2002
\textsuperscript{66} Department of Education and Science, ‘School Standards and Spending: Statistical Analysis’, 1983
\textsuperscript{67} Department of Education and Science, ‘School Standards and Spending: A Further Appreciation’, 1984
\textsuperscript{68} R Lord, ‘Value for Money in Education’, 1984
\textsuperscript{69} A West, R West, H Pennell and T Travers, ‘Financing School-Based Education in England: Expenditure, Poverty and Outcomes’, \textit{Centre for Educational Research, LSE}, 1999
6.7.3 Conclusion

In the UK and overseas, there is little evidence of a positive association between increased educational expenditure per se and improvements in student outcomes. However, the literature produces somewhat different conclusions when it comes to considering how educational resources are deployed.

6.8 Class Size

The impact of class size on pupils’ education has long been a subject of debate, with a range of stakeholders advocating that a reduction in class size would improve achievement levels, especially among pupils from disadvantaged backgrounds.

6.8.1 International Evidence

As with expenditure per pupil, the international evidence base contains a range of arguments for and against an association between smaller class sizes and improved student outcomes.

In his 1997 study, Hanushek\textsuperscript{70} found that smaller class sizes did not automatically lead to improvements in student achievement levels. However, a number of other studies provide a counterpoint to this analysis, and find at least some linkage between reducing class sizes and improving outcomes for students.

A study undertaken in Tennessee by Krueger\textsuperscript{71} found that children in smaller classes perform significantly better than other children in larger classes, with the effect being most pronounced for students from disadvantaged backgrounds and minority groups. The biggest improvement in educational terms was observed in the first year of the class size being reduced. However, the students involved in the experiment were not tracked over time, and it is therefore unclear whether or not the gains generated by smaller class sizes dissipate over time for individual pupils.

Following on from this, Krueger and Whitmore\textsuperscript{72} examined the probability that children educated in smaller classes would go on to sit college entrance exams, and suggested that children taught in small classes could be as much as 20\% more likely to take these tests.

Further evidence of a link between smaller class sizes and improved outcomes is found in a 1998 study by Hanushek, Kain and Rivkin\textsuperscript{73}, which examined the impact of class size on the results of Texan pupils in Years 4 to 6. This analysis suggested that class size had a significant impact on the educational performance of Year 4 and Year 5 pupils, but not for

\textsuperscript{70} Hanushek (1997), \textit{ibid}


\textsuperscript{73} EA Hanushek, JF Kain and SG Rivkin, ‘Teachers, Schools and Academic Achievement’, \textit{NBER Working Paper} 6691, 1998
Year 6 students. The effects observed in the Texas study were also smaller than those indicated by Krueger.\textsuperscript{74}

In the same field, Akerhielm’s 1995 study of the impacts of class size in American schools\textsuperscript{75} suggested that investing in smaller classes could bring educational returns (i.e. improvements in performance) for certain groups of students in a range of subjects. However, she again noted the prime importance of family background in achievement and cautioned that the incremental benefits of decreasing class sizes may not justify the associated cost increases.

A number of other international studies suggest smaller class sizes generate substantial educational gains. However, the results of this work should be treated with caution for various reasons:

- Angrist and Lavy\textsuperscript{76} examined the impact of class size reductions in Israel and found that these produced significant gains in terms of student achievement. However, this conclusion may not read directly across into the education systems of developed countries, since classes’ average size will not be comparable to those in Israel (with an upper bound as high as 40); and

- A study across a number of developed and developing nations by Barro and Lee\textsuperscript{77} also found a significant link between student outcomes and smaller class sizes (proxied by pupil-teacher ratio). However, without a separate analysis for the developing and developed countries included in the sample, it is unclear how far this conclusion can be translated into a UK context.

Some other studies are unable to come to a strong conclusion on the issue of class size. A study of student performance in Connecticut by Hoxby\textsuperscript{78} found no significant association between class size and pupil achievement.

In addition, a number of commentators have argued that smaller class sizes actually lead to less favourable student outcomes, which could be seen as surprising and counter-intuitive. In their 1997 study, Goldhaber and Brewer\textsuperscript{79} suggested that there was a significant association between larger class sizes and improved student outcomes. In the same vein, Cooper and Cohn\textsuperscript{80} found a link between reductions in class sizes and lower student test scores.

\textsuperscript{74} Krueger (1999), \textit{ibid}
\textsuperscript{78} CM Hoxby, ‘The Effects of Class Size and Composition on Student Achievement: New Evidence from Natural Population Variation’, \textit{NBER} 6869, 1998
\textsuperscript{80} ST Cooper and E Cohn, ‘Estimation of a Frontier Production Function for the South Carolina Educational Process’, \textit{Economics of Education Review} 16(3), 313-327, 1997
Kirjavainen and Loikkanen’s study\textsuperscript{81} of efficiency in Finnish secondary schools found that schools’ efficiency (relationship between inputs and outputs) increased as class sizes increased, and also as parents’ educational level rose.

The international evidence base on the impact of smaller class sizes (taken in isolation) on educational outcomes therefore appears mixed. The magnitude of any positive impact may, in any case, not be strong enough to justify increased public expenditure. However, other sources have indicated that the interaction of class sizes with other factors (e.g. students’ prior achievement) may indeed have a significant impact on educational outcomes\textsuperscript{82}.

6.8.2 UK Evidence

A range of UK studies have examined this same issue, with many of them using Pupil-Teacher Ratios (PTRs) as a proxy for class size (albeit an inexact one). However, no conclusive evidence has been produced to suggest a firm association between class size and student outcomes.

Dearden, Ferri and Meghir\textsuperscript{83} suggested that increases in PTR had a significant negative impact on achievement levels of men who attended secondary modern schools and lower-ability women. Similarly, Dustmann, Rajah and Van Soest\textsuperscript{84} found that a lower PTR had a significant positive association on the probability of students staying on at school after the age of 16 and on examination results. This finding was supported by a 1998 study by Dolton and Vignoles\textsuperscript{85}, which concluded that lower PTRs had a significant positive impact on examination performance.

The UK evidence on the impact of class size contains a range of arguments. Bradley and Taylor\textsuperscript{86} studied the relationship between school size and examination performance, and found that, while school size exerted a positive influence on student attainment, the impact of PTR was not significant. In the context of individual schools, they also suggested that the proportion of part-time teachers within an individual school was positively related to examination performance (e.g. because staffing is more flexible and teachers’ strengths can be matched better to the requirements of the curriculum).

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\textsuperscript{85} P Dolton and A Vignoles, ‘The Impact of School Quality on Labour Market Success in the UK’, University of Newcastle Discussion Paper 98-03, 1999

A 1994 analysis by Blatchford and Mortimore\(^{87}\) indicated that pupils in larger classes outperformed those in smaller classes. By contrast, another study by Mortimore et al\(^{88}\) amongst eight-year-olds in London suggested that improvements in their numerical and non-cognitive development were better served by having smaller class sizes.

In their examination of attainment levels in secondary schools, Feinstein and Symons\(^{89}\) examined the impact of higher pupil-teacher ratios on performance but found no significant linkage, only a small negative effect on attainment.

### 6.8.3 Conclusion

Taking the UK and international evidence together, there appears to be no overwhelming argument that class size has a large impact on pupil performance. The research base indicates that any benefits arising from reduced class sizes are likely to be so small in magnitude as to call into question the cost-effectiveness of class size reductions.

### 6.9 Teacher Experience

Earlier in the report, in our review of central Government guidance, the quality of teaching was highlighted as having a potentially significant role to play in school effectiveness and improvement.

A 1997 study by Hanushek\(^{90}\) indicated that measurable teacher characteristics such as education, experience and salary had little bearing on student achievement. However, relevant academic literature on the subject contains different viewpoints on the impacts of teacher education, experience and salary levels on educational outcomes. For example, Reezigt, Guldemond and Creemers\(^{91}\) specifically flag up the many difficulties in finding stable effects relating to classroom and school factors, and note that the effectiveness of schools and teachers is a very complex phenomenon which cannot be easily explained.

Most international studies in relation to total teacher experience find that it has only limited explanatory power in connection with student outcomes. That said, the point at which teachers gain experience in their careers appears to have some impact on pupil achievement levels.

Hanushek’s 1998 analysis\(^{92}\) suggested that the experience gained by teachers early in their careers had a significant positive impact on pupil achievement. In this study, teachers with up to two years’ experience produced significantly better results than those with no experience in the vast majority of subjects and age groups. These teacher experience impacts on

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89 Feinstein and Symons (1999), *ibid*
90 Hanushek (1997), *ibid*
92 Hanushek (1998), *ibid*
educational outcomes were observed to be many times greater than the impacts arising from class sizes, as discussed above. However, Hanushek found no significant gains from levels of teacher experience beyond the two-year threshold specified.

A 1999 study by Krueger\(^{93}\) compared the impacts on educational achievement of experienced and inexperienced teachers, and found a smaller association with teacher experience than Hanushek. In addition, the results of Krueger’s work indicated that the positive impact of a higher level of teacher experience peaked after 20 years’ experience.

### 6.10 Teacher Education

The impact of teachers’ own education levels has been considered in a number of international investigations, to see how far it relates to their pupils’ educational attainment. However, no significant association appears to arise from the work undertaken.

Goldhaber and Brewer\(^{94}\) found firm evidence that pupils’ scores in Mathematics tended to improve if their teacher had a degree in that subject, but no similar relationship could be discerned for other subjects. In the same vein, a 1998 study by Hanushek and others\(^{95}\) found that teacher education had little or no impact on student outcomes, other than a negative impact on Year 4 pupils who had more highly educated teachers. Furthermore, Hedges, Laine and Greenwald’s 1994 study\(^{96}\) suggested that the impact of teacher education was ‘incorrectly signed’ and had a negative association with pupil achievement.

In exploring the impact of school quality on students’ subsequent earnings, Betts\(^{97}\) found that, while workers’ earnings may not be independent of the schools they attended, traditional proxies for quality such as teachers’ salaries, teachers’ own levels of education and class size failed to explain these variations, possibly because structural changes in the education system have undermined any past linkage between outcomes and these traditional measures of quality.

On a slightly different tack, while Monk\(^{98}\) found little evidence that teachers’ measurable characteristics (e.g. degree levels, college credits and years of experience) had a significantly positive impact on outcomes, he did indicate that teacher preparation has a significant effect on performance in some subjects, such as Mathematics and Science. This preparation included factors such as:

- The number of college courses which the teacher took in the subject area he or she teaches; and

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\(^{93}\) Krueger (1999), *ibid*

\(^{94}\) Goldhaber and Brewer (1997), *ibid*

\(^{95}\) Hanushek *et al* (1998), *ibid*

\(^{96}\) Hedges, Laine and Greenwald, (1994), *ibid*


• Whether teachers had taken courses in pedagogy (the art or science of being a teacher).

6.11 Teacher Salaries

6.11.1 International Evidence

Internationally, there is a robust base of evidence that salaries paid to teachers have a significant effect on their pupils’ level of educational attainment.

The 1994 Hedges, Laine and Greenwald\(^9\) study indicated that, while results on the impact of teacher salaries on student outcomes were somewhat mixed, on balance, they suggested a positive association between salaries and pupil results.

This is consistent with the findings of Hanushek, Kain and Rivkin\(^10\), in a study that suggested higher teacher salaries had a positive influence on student achievement. Interestingly, this study indicated that the impact of higher teacher salaries on pupil achievement was more pronounced for more experienced teachers rather than their younger counterparts. Similarly, Dewey et al\(^11\) have found strong results that salary differentials for teachers have a positive impact on student outcomes.

Goldhaber and Brewer\(^12\) returned to the theme of pedagogy as discussed by Monk\(^13\), and found that qualitative aspects of teaching methodology had greater explanatory power over student outcomes than solely resource-based measures. Issues they considered and found to have a significant positive effect on student outcomes included:

• Quality of lesson preparation;
• Control over lesson content;
• Use of oral questions in class;
• Emphasis on problem solving; and
• A requirement to spend less time maintaining order in the classroom.

6.12 Conclusions

A significant amount of research has been undertaken in relation to the impact of measurable education inputs on improving student performance, and hence VfM in schools. However, the findings of this work have been mixed and do not suggest a major association between many of the key inputs and pupils’ educational performance.

\(^9\) Hedges, Laine and Greenwald (1994), ibid
\(^10\) Hanushek, Kain and Rivkin (1999), ibid
\(^11\) Dewey et al (2000), ibid
\(^12\) Goldhaber and Brewer (1997), ibid
\(^13\) Monk (1994), ibid
In terms of inputs, it is widely acknowledged that increasing education spending on its own will not produce significant gains in terms of pupil achievement. A change in the pattern of resource allocation may be able to produce some gains in terms of outcomes, but the evidence suggests these may be small in nature and will not necessarily produce overall value for money.

Factors such as reduced class size and improved teacher quality may play a role in raising the level of student outcomes, but in general, the relationship between measurable school inputs and pupil performance is uncertain.

Grogger\textsuperscript{104}, in his examination of the relationship between education expenditure and pupils’ earnings after leaving school, estimated that the rate of return on increased school expenditure could be as little as 1%, indicating a very low level of benefits to students and wider society. His study’s telling conclusion is:

‘...school spending matters, but it matters too little...’

Examining educational processes, as distinct from educational inputs, UK and international studies of highly effective schools and their less effective counterparts have identified a number of factors which differentiate better and worse performers. Central to these are the strength of leadership and governance arrangements within the school, including:

• Strong leadership from head teachers, with a commitment to continuous improvement;

• A positive school ethos, clearly communicated to pupils, parents and other stakeholders; and

• Robust development planning and self-evaluation, with a constant focus on benchmarking to identify areas of good and poor performance.

The implications arising for central government, local government and individual schools are considered in Section 8 below.

7 AWARENESS OF VALUE FOR MONEY IN SCHOOLS

7.1 Introduction

A substantial quantity of academic and other published data and literature exists around VfM in schools. However, if schools’ performance is to be significantly improved, it will be important for education practitioners to have the required level of knowledge and understanding of the key concepts underlying VfM in schools.

7.2 Published Literature

An appreciation of VfM and its practical applications is important for frontline staff in education. Recent literature from the teaching profession indicates that practitioners are giving this subject serious consideration in terms of what it means and how knowledge and understanding can be shared throughout the profession.

Sparling\textsuperscript{105}, the head of a secondary school in Leeds, explored the concept of VfM in a school context and summarised it as the appropriate balance of economy, efficiency and effectiveness, getting the most from finite resources and ensuring expenditure is allocated wisely – in layman’s terms, ‘good housekeeping’. From his frontline perspective, he believed that the strategic aim of achieving good VfM helped facilitate the very best teaching and learning.

Within the sphere of VfM, Sparling highlighted a number of key action points for secondary heads to consider, including:

- Robust school development planning and medium-term financial forecasting;
- Understanding of the cost of existing staffing structures and the financial implications of options for change;
- Appropriate matching of posts to personnel, including the mix of professional and administrative staff, replacement of departing staff and requirement for support staff; and
- Curriculum decisions, including the financial implications of pupil choice and the viability or otherwise of less popular subjects within the curriculum offer.

7.3 Awareness among Practitioners

In the course of the assignment, we spoke to a small number of head teachers, school governors and academics to get their views on the current level of understanding of VfM in schools and the steps that could be taken to improve performance across the system.

While this was in no way intended to be a representative survey of practitioners, it does help shed light on the understanding and profile of VfM within schools, in a number of areas:

### 7.3.1 What Do Schools Understand by VfM?

Our consultations revealed an increasing focus at school level on value-added measures (e.g. CVA) as a key aspect of VfM, and that in the recent past, schools would have viewed VfM in almost purely financial terms.

While the people we spoke to pointed out the importance of ‘optimising their buying power’ in educational terms, they were careful to draw a distinction between lowest cost and best value in procurement.

Therefore, there appears to be at least some appreciation of both the educational and monetary aspects of VfM at school level, which would be consistent with the definition we suggested in Section 3.

### 7.3.2 What Makes an Effective School?

Stakeholders at school level indicated they judged effectiveness not just by their pupils’ test scores, but by how far they were able to encourage their students to learn. This is clearly harder to gauge than measures based on value added or attainment.

A range of other qualitative factors were flagged up as contributing to school effectiveness:

- Close links to the local community, including the establishment of School Councils and liaising with parents as closely as possible (e.g. Home-School Agreements);
- An emphasis on smoothing the transition from pre-school to primary school, and from primary school to secondary level; and
- Empowering department and subject heads to the fullest degree possible, combined with strong leadership from the Head Teacher.

### 7.3.3 Where are there Gaps in Schools’ Knowledge?

Our discussions suggested that schools suffered from a degree of ‘tunnel vision’ in relation to VfM. In particular, stakeholders believed that many schools lacked an appreciation of broader national and local policy contexts, and, by implication, the respective roles of DCSF and Local Authorities.

One consultee put forward an example related to the claw-back of funding from individual school budgets: if an individual school’s budget is reduced in this way, it is likely that the school will consider only the impact on its own finances, rather than the effect of redeploying these funds to other areas of frontline services or to new priorities.

### 7.3.4 What Can Schools Do to Improve VfM?

Consultees pointed to the large proportion of school budgets accounted for by human resources, and suggested that it is hard to be creative in workforce planning.
Although the people we spoke to recognised that there could be an argument for reducing the burden of administration on teachers to let them devote more time to teaching, they were not convinced that any educational benefits generated in this way would justify the cost of additional administrative resources.

Other stakeholders suggested the use of collective procurement arrangements at Local Authority level were an important tool in improving VfM and identifying ‘trusted suppliers’ with a track record of delivery. However, this approach does not readily lend itself to a challenge of current arrangements, a key concept within the principles of Best Value, which are applicable at Local Authority level but have many practical implications for schools.

**7.3.5 How Can Others Help Schools Improve VfM?**

Our consultations produced a number of consistent themes in relation to this area, including:

- **Improving financial expertise at Governing Body level:** In order for governors to exercise an effective challenge function in relation to financial and budgetary matters, consultees suggested there was a need to improve the level of financial expertise on the board, either by the provision of appropriate training or strengthening procedures for the recruitment and retention of governors with the required level of knowledge and experience;

- **Dissemination of information:** Stakeholders suggested there was a need for better communication and sharing of information (at both local and national levels) in relation to school performance. This could both provide a more effective means of benchmarking performance and allow for greater sharing of knowledge and resources across schools, locally and nationally; and

- **‘Earned autonomy’**: A number of consultees felt the concept of ring-fencing budgets ran counter to the principles of Local Management of Schools, and that schools should be allowed to ‘earn’ greater financial flexibility if they can demonstrate their financial management operations are sound. Currently, we understand schools which have demonstrated a robust approach to self-review and evaluation have been granted a higher degree of operational flexibility. Stakeholders felt a similar approach to flexibility could be applied to financial dealings (e.g. if a school complies with FMSiS, it could potentially be allowed greater financial autonomy as a means of enhancing VfM).

**7.4 Conclusions**

Although necessarily restricted in scope, our review of the existing awareness of VfM among education practitioners revealed an increasing grasp of the concepts of value added and VfM in general, rather than simply equating VfM with financial management.

In addition, some common threads emerged from stakeholders on how VfM could be improved in schools, including the strengthening of Governing Body skill sets, more effective dissemination and sharing of best practice, and rewarding well-managed schools with increased financial flexibility. However, opinions were mixed as to the role of workforce planning in delivering better VfM.
8 CONCLUSIONS

8.1 Introduction

Over the preceding chapters of the report, we have examined a wide range of considerations around VfM in schools, including what it means, how it is measured, and how it can be safeguarded and built upon.

8.2 Defining VfM

Schools have an important role to play in improving levels of educational achievement across society. However, the contribution they make to overall performance is of a lesser magnitude than other factors such as pupils’ prior attainment levels and socio-economic background.

A consideration of VfM in schools therefore needs to take account of how well pupils’ attainment levels improve at school, as well as external factors which have a bearing on student performance. The other side of the VfM definition will relate to the cost of providing education at individual pupil level.

Our review of academic literature and published data revealed no single accepted definition for VfM in schools. However, we believe VfM could be usefully expressed in terms of educational value added per pound spent, to take full account of the cost of provision, the overall levels of pupil achievement, and the improvement schools are able to bring about in terms of student progress.

8.3 Measuring VfM

A wealth of information is available for possible use in measuring VfM on a range of bases, including the potential definition we have suggested in the report. Provided that the quality and consistency of this data are of an appropriate standard, we see no significant obstacles to the measurement of VfM in practical terms.

The development of Contextual Value Added has generated a considerable body of evidence on pupil progress, taking account of prior attainment levels and external factors. In addition, the rollout of Consistent Financial Reporting has facilitated the collation of financial information across schools on a consistent basis.

These developments have allowed a greater use of benchmarking within schools and between different schools, locally and nationally, to identify areas where performance could potentially be improved and where excellence has already been achieved.

8.4 Securing VfM

In their attempts to improve the VfM they offer, schools should not overlook the need to maintain efficiency, effectiveness and economy in the context of their existing operations.
Our review of the evidence base revealed that a considerable bank of literature and guidance exists to help schools in this task, in areas such as financial management, educational provision and the crucial leadership role of the head teacher.

8.5 Improving VfM

Many researchers, both in the UK and internationally, have devoted a significant level of time and resources to examining school effectiveness and improvement and the work undertaken clearly has potential implications for assessing VfM in schools.

However, the conclusions from the evidence base produced are not unanimous and suggest that many factors may, in fact, be of limited importance in relation to VfM in schools. There are also certain limitations to the quantity and quality of evidence available, particularly in a UK context.

On balance, the available evidence suggests that education spending per pupil has little or no impact on student performance. While the overall level of resources may not have a significant effect on achievement levels, how these resources are allocated across the various ‘inputs’ to the education process can have a consistent (if modest) impact on educational outcomes.

For example, using the available funds to reduce class sizes or improve the quality of teachers may have a small impact on pupil performance; however, the extent of these potential gains may not be enough to justify reallocating resources in this way. Therefore, the strength of the relationship between these measurable inputs and educational performance is questionable.

That being said, the literature does highlight a number of characteristics which distinguish high-performing schools from their less effective counterparts. These considerations centre on schools’ processes and are more qualitative in nature than the measurable inputs discussed above.

Key features of effective schools as identified in the evidence base include:

- **Leadership**: Strong leadership from head teachers, with a commitment to continuous improvement;
- **Culture**: A positive school ethos, clearly communicated to pupils, parents and other stakeholders; and
- **Management and learning**: Robust development planning and self-evaluation, with a constant focus on benchmarking to identify areas of good and poor performance.

8.6 Awareness of VfM

Our consultations with stakeholders and review of relevant literature suggested that education practitioners are becoming increasingly aware that VfM captures many aspects of school performance, rather than purely focusing on financial management.
Practitioners felt VfM in schools could potentially be improved by better training, recruitment and retention procedures at Governing Body level, and through more effective sharing of resources and knowledge in local and national contexts.

8.7 Implications at National, Local and School Levels

In the preceding sections, we have considered a wide range of factors which may have some bearing on VfM in schools. Given the decentralised nature of the education system in England, these factors may fall under the influence of central government, local government or individual schools (or indeed none of the aforementioned).

Below, we examine the factors we have considered earlier in the paper, which have a greater or lesser impact on the delivery of VfM, and suggest how these could be controlled or influenced at central government, local government or individual school levels:

8.7.1 Expenditure per Pupil

DCSF will exert an important influence in this area in determining the Revenue Support Grant (RSG) funding it advances to Local Authorities, comprising both Education Formula Spending Shares and the Minimum Funding Guarantee to safeguard resources available on a per-pupil basis.

In turn, Local Authorities will determine their own Schools Budget from the resources they have available through RSG support and their own Council Tax income, and in their allocations of funding to individual schools. Under LMS, schools also have some discretion on how the funding they receive is used in running the school.

However, our review suggests that total expenditure per pupil has, at best, limited influence over VfM in schools.

8.7.2 Class Sizes

Through its setting of national regulations on class size (at least in relation to the very youngest primary pupils up to the age of seven), DCSF can exert an influence in this area, although the Government has been reluctant to legislate for class size limits among older age groups. Similarly, Local Authorities will have some bearing on class sizes through their responsibility for ensuring that sufficient school places are provided within their catchment area.

The discussion earlier in the paper suggests that reducing class size may have a small role to play in improving educational outcomes, but uncertainty remains on the balance of costs and benefits associated with this course of action.

8.7.3 Teacher Experience

In their decisions on teacher recruitment and retention, schools will be able to exert influence on the levels of experience of their teaching staff, supported by both central and local government (e.g. in terms of best practice guidance for recruitment and retention).
Again though, our review of literature and data suggests that the overall level of teacher experience has at most a limited bearing on student attainment.

### 8.7.4 Teacher Education

Through the Training and Development Agency for Schools (TDA), DCSF can exert a degree of influence over the level and nature of professional training which teaching staff are given. Schools' decisions on recruitment and retention will also have a bearing on the level of education contained within their teaching staff.

However, it should be noted that some aspects of teacher education are outside the control of schools and government, such as the studies which individuals have completed before training as teachers.

### 8.7.5 Teacher Salaries

As noted previously in the paper, higher levels of teacher salaries are considered to have some association with improvements in student attainment. DCSF’s role in approving national pay scales for teachers therefore allows it to exert a meaningful influence in this area.

In addition, decisions taken at school level on teacher recruitment and retention will have a bearing on salary costs, and potentially also an impact on attainment and VfM.

### 8.7.6 School Leadership and Governance

Previous studies of school effectiveness have pointed to the importance of strong leadership from head teachers in delivering VfM. While factors such as clear communication and decisive leadership can be controlled at individual school level, DCSF can also play a role in raising the calibre of head teachers by, for example:

- Identifying any barriers which discourage experienced teachers from developing into a managerial role, or dissuade experienced managers from becoming head teachers;
- Encouraging school heads to work towards appropriate professional qualifications, such as the National Professional Qualification for Headship; and
- Developing the roles of school federations and School Improvement Partners in supporting the development of school leaders.

The role of the Governing Body has also been highlighted as an important feature of effective schools. This includes not only factors controllable at school level, such as involvement in the processes of development planning and self-evaluation, but also the levels of training provided to governors, where Local Authorities will play a central part.

### 8.7.7 Use of Benchmarking Information

Previous research has indicated that the best performing schools make extensive and effective use of benchmarking information in assessing their strengths and weaknesses. While this approach is determined at school level, the Department and Local Authorities can
make a positive contribution to VfM by collating and sharing relevant information across schools for use in the benchmarking process.

8.7.8 Pupil Inclusion and Attendance

Local Authorities have an important role to play in enforcing attendance at schools within their catchment area. Coupled with an active policy of pupil inclusion at school level, our review suggests this has the potential to deliver improved educational outcomes for pupils.