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The Labour Party and Private Schools

Labour's extremely modest and much watered down plan to remove various tax exemptions from private schools has produced the usual torrent of special pleading on behalf of what, collectively, is a social institution whose main function is to reinforce the pattern of social hierarchy that has existed in the UK since Victorian times. However, in July the Institute for Fiscal Studies produced a considered analysis of the likely consequences of this extremely modest and long overdue policy. Needless to say, the IFS does not share the apocalyptic visions of the defenders of privilege. Here is a summary of its main findings (the emphases are ours):

1. In 2022–23, average private school fees across the UK were £15,200 in today's prices (net of bursaries and scholarships). **This is £7,200 or nearly 90% higher than state school spending per pupil**, which was £8,000 in 2022–23 (including day-to-day and capital spending). The gap between private school fees and state school spending per pupil has **more than doubled** since 2010, when the gap was about 40% or £3,500.
2. The share of pupils across the UK in private schools has remained around 6–7% for at least the last 20 years (or about 560,000–570,000 pupils in England). This has occurred despite 20% real terms increase in average private school fees since 2010 and a 55% rise since 2003. Unsurprisingly, **private school attendance is largely concentrated at the very top of the income distribution**. There is also evidence to suggest that it is often motivated by wider factors, such as culture and values.
3. We estimate that removing tax exemptions from private schools would raise about £1.6 billion a year in extra tax revenue. This results from an effective VAT rate of 15% after allowing for input deductions, likely VAT on boarding fees and exemptions for specialist provision. It also includes extra revenues from business rates.

4. If demand for private schooling reduces as a result of increases in post-tax fees, the additional tax revenue raised would likely be unaffected. This is because any reduced revenue from VAT on private school fees will likely be made up for by higher VAT revenues on other goods and services, holding overall consumer spending constant. If parents decided to stop paying for private school fees as a result of the extra VAT, this would release spending on fees that would likely be spent on other goods and services, thereby generating extra VAT revenues.

5. If private school attendance drops, state schools will require extra funding to accommodate them. The (limited) evidence on the determinants of the demand for private schooling suggests that **the effects of fee rises are quite weak**. In the short run, the effect might be extremely small as few parents might opt to take their children out of a school part-way through primary or secondary school. The effect might be larger over the medium to long run. Our best judgement is that it would be reasonable to assume that an effective VAT rate of 15% would lead to a 3–7% reduction in private school attendance. This would likely generate a need for about £100–300 million in extra school spending per year in the medium to long run.

6. Combining estimated tax revenues and extra public spending needs, our view is that it would be reasonable to assume a net gain to the public finances of £1.3–1.5 billion per year in the medium to long run as a result of removing tax exemptions from private schools. This would allow for about a 2% increase in state school spending in England, which Labour has proposed would be targeted at disadvantaged students.

7. There is still lots of uncertainty around these estimates. We have not accounted for potential reductions in labour supply and there is the potential for tax avoidance behaviour on the behalf of parents or schools. The effects are also likely to be heterogeneous given the range of different schools in the private sector. Finally, it is possible that the state sector could easily accommodate extra pupils given that overall pupil numbers across England are due to decline by at least 100,000 per year on average up to 2030 – i.e. a total drop of more than 700,000, which is bigger than the total number of children attending private schools.

Friskolor Flops: Sweden admits that its “free schools” policy has been a failure but are English ones any better?

Just over thirty years after they were first introduced, Sweden has been forced to admit that its *friskolor* – privately run schools funded by public money – have not been a great success. The recently appointed Schools' Minister, Lotta Edholm, has ordered a thorough investigation into the system and plans a number of sweeping reforms. Edholm sees two features of the system as central to its failure to raise standards in Swedish education. One is the practice of *friskolor* making profits at the expense of resources for pupils, a practice particularly common in secondary schools. The other is the way that the system has become marketised, a practice that leads to parents and children being viewed as customers and, indirectly but inevitably, to social segregation. Sweden's biggest teacher union is demanding the complete phasing out of all for-profit schools, with any profits made in the meantime being reinvested into resources.

These problems were already beginning to manifest themselves well before Michael Gove decided to introduce an English version of *friskolor* following the 2010 General Election. Indeed, several editions of CASEnotes around that time pointed out the huge differences that were beginning to appear between those *friskolor* which catered for the children of the middle classes and those which catered for the children of immigrants and those of the working classes. Social segregation, of course, has become rife in English secondary schools since the 1988 Education Reform Act, whose emphasis on “parental choice” effectively undermined the ability of Local Authorities to develop schools with socially and academically balanced intakes. The introduction by Michael Gove of *friskolor* into the English system was bound to increase this problem since the schools were to be set up by groups of parents and other “interested bodies”. Parents with the drive, energy and confidence to set up a new school tend to be from the professional middle classes

and tend to envisage the intake of such a school as consisting mostly of children like their own.

The original idea of the English, not-for-profit, version of the *friskolar* was to raise standards by encouraging innovation. Groups of parents and others, dissatisfied with the available provision, would create something better and this would encourage existing schools to improve. The extent to which improvement has actually happened can be seen from the 2019 report of the Education Policy Institute - <https://epi.org.uk/publications-and-research/free-schools-2019-report/> - whose key findings are summarised as follows:

In areas where there has been a shortage of school places (areas of “high demand”) free schools have provided an additional 11 places per 1000 pupils. However, this has not been the case at secondary level, where only 4 places per 1000 pupils have been created. In areas of “low demand”, however, the reverse has been the case: free secondary schools have provided an additional 15 places per 1000 pupils, while free primary schools have only added 4 places per 1000 pupils. In other words, while the creation of free primary schools has been a response to need, this has not been the case at secondary level, where free schools have been set up for other reasons.

In areas characterised by poor educational attainment very few free schools have been set up. In the poorest attaining areas, both primary and secondary free schools have added just 5 places per 1000 pupils, compared with 18 secondary places per 1000 in the highest attaining areas. However, there has been little interest in setting up free primary schools in high attaining areas, with just 3 places per 1000 having been added.

Children who attend free primary schools are generally more affluent than those of the area as a whole but this is not true for free secondary schools, where the socioeconomic status of the intake is more likely to be characteristic of the area as a whole. However, the report also points out that in large metropolitan cities, where most free schools have been established (a third of them are in London),

socioeconomic status does not necessarily indicate a poorly educated family or one with low aspirations for its children (this is especially true of first or second generation immigrant families, who are often from what is sometimes termed a “submerged middle class” background). Very few free schools have been set up in historically disadvantaged areas of England.

As regards attainment, primary free schools achieve below the national average, but secondary ones achieve significantly above it. The report finds that this is largely explained by the nature of the pupil intake and has little, if anything, with the concept of *friskolor*.

The report makes three recommendations:

1. Free schools continue to be created in areas where there is excess capacity and existing provision is good. **Any expansion of free schools should be targeted towards areas where pupil outcomes are low.**
2. **The government should look beyond simple measures of economic disadvantage** and should consider how they can improve outcomes in areas with entrenched underperformance.
3. **The government should be mindful when looking to replicate the practices of successful free schools in other areas.** Rather than aspects such as the curriculum, teaching, or behaviour policies, high performance may instead be down to free schools’ intakes, and their admission of pupils from areas which typically perform very highly.

It should be added that the original concept of the free school has largely withered away in the four years since this report was written. So far from being set up by highly motivated groups of people, free schools are now set up by multi-academy trusts (MATs) and any new school set up by a MAT is deemed in law to be a free school. Moreover, the great majority of the original free schools have either closed, with a significant loss to the public purse, or have been taken over by a MAT. After nearly 13 years, it is difficult to see what has been gained by this experiment.

OFSTED UNDER FIRE

The tragic and unnecessary death of Ruth Perry following a negative report by OFSTED of Caversham Primary School where she was Head has led many people in the world of education to re-evaluate OFSTED. Now a report by the Institute for Public Policy Research (IPPR) has recommended major changes to the way in which schools are inspected and reported upon.

One-word judgements are harshly criticised by the report and accused of fuelling a “hire and fire” culture that treats schools like football clubs and their Heads like football managers. They should be replaced, says the report, by two detailed documents: a narrative report for parents which explains OFSTED's findings and a technical improvement report for the school itself.

Research studies have repeatedly shown that single-word judgements are unreliable and that different inspectors will deliver very different judgements upon the same evidence. Head teachers know this but feel under great pressure to try to obtain outstanding grades, even if this is at the expense of the school's real needs. Instead of single-word judgements, the IPPR recommends the introduction of a three-tier response in which a school is judged to need “school-led development”, “enhanced support” or “immediate action”. Furthermore, multi-academy trusts and their equivalents should also be subject to inspection so that regulators can determine who is in the best position to provide help to struggling schools.

The report is also critical of the current approach to teacher training, noting that English school teachers may receive as little as 35 hours a year of continuing professional development, which is less than a third of what teachers in Singapore can expect.

Paul Whiteman, General Secretary of NAHT said in a comment to *The Times*, there is now a growing consensus that the way OFSTED reports on school performance needs to change. There seems to be almost no-one left that thinks the single-word

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judgement offers useful information and, as this report points out, the current system of simplistic grading can do more harm than good”.

Another report, sponsored by the National Education Union and led by former Schools Minister, Lord Knight, has compared OFSTED unfavourably with the models of school assessment practised in countries with more successful education systems. Lord Knight's report recommends that OFSTED should be fully independent of government and that it should not be responsible at all for safeguarding audits (it was alleged shortcomings in safeguarding that brought about the downgrading of Caversham Primary School but this criticism seems to have been based very much upon the subjective judgement of one inspector observing a playground squabble). Lord Knight has accused OFSTED of having lost the trust of teachers and, increasingly, of parents.

Unsurprisingly, outgoing Chief Inspector, Amanda Spielman, and the DfE continue to insist that OFSTED is doing a good job.

Since the above article was written, the inquest into the death of Ruth Perry has produced its verdict. The Coroner found that the way in which the inspection had been carried out had materially contributed to Mrs Perry's suicide but went on to say that the problem was not so much a matter of failings on the part of individual inspectors as systemic:

Parts of the Ofsted inspection were conducted in a manner which lacked fairness, respect and sensitivity (these are the terms used in Ofsted's Code of Conduct). This likely had an effect on Ruth's ability to deal fully with the inspection process. It is very important to stress here that, although I necessarily had to consider the conduct of the inspectors in this matter, **the focus should not be on any individual inspector, but more on the system, policies and training.**

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The Coroner went on to make a “prevention of futures deaths” report to be sent to OFSTED and the DfE. In it she was highly critical of the use of single word judgements, of the inordinate length of time between the OFSTED rating's being made known to Headteachers and their ability to share their knowledge with others, and of the lack of any training for inspectors in how to deal with the anxiety that their visits inevitably provoke. The full report can be found at <https://www.judiciary.uk/prevention-of-future-death-reports/ruth-perry-prevention-of-future-deaths-report/>

As an immediate consequence, the new Chief Inspector, Sir Martyn Oliver has announced the immediate suspension of all OFSTED school inspections until the recommendations of the Coroner have been fully considered and, possibly, put into effect.

Comment

From the point of view of CASE, these recommendations are necessary but insufficient as they involve adjustments to a system that is inherently wrong and damaging. This is not to criticise the Coroner, who was not in a position to recommend anything other than improvements to the existing system, but the truth is that OFSTED was never set up to raise professional standards by offering expertise and support to schools in the way that the Schools Inspectorate had previously done. Rather it was set up as an enforcer of government education policy, which was predicated on the idea that schools should be treated as small businesses and parents as their customers. Parents would be given much more freedom to choose their children's schools and their choices would be assisted by the publication of a string of “accountability” measures: examination results in GCSE and A-level; results in newly introduced Standard Assessment Tests (SATs) in primary schools and the early years of secondary schools, and OFSTED reports simplified into short judgements. Like small businesses, schools would be forced to compete with one another for pupils and this competition would result in the raising of standards. CASE readers do not need to be told that this approach, based upon a series of fallacious ideas about what really constitutes education, has completely failed and

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that its most significant consequence has been the appalling recruitment and retention problems that beset the teaching profession.

SCHOOL CUTS

“School Cuts” is a coalition of several teacher unions and the campaigning body Parentkind. Recently, CASE received an email designed to be forwarded to MPs ahead of the Autumn Financial Statement. By the time this edition of CASEnotes appears the Autumn Statement will have been given to Parliament but there is still a need for all MPs to be made aware of the serious financial crisis that schools are going to face in 2024. Please will all members and supporters ensure that their MP's attention is drawn to the following points:

- from April 2024, if teachers are awarded an increase in salary similar to that awarded this year, 92% of mainstream schools will face real terms cuts to their funding.
- 18, 484 schools – 99% of all secondary schools and 91% of all primary schools will be unable to absorb their costs without making serious cuts to their educational provision
- facing the most serious difficulties in a generation in recruiting and retaining staff, schools will be unable to afford any pay settlement next year of more than 1% unless the government finds the extra money that any settlement is likely to need.
- our schools desperately need more funding: running costs are soaring, buildings are deteriorating and in desperate need of repair.
- staff are leaving in high numbers and specialist staff, especially in Maths and Science, are becoming increasingly impossible to recruit.
- the government is yet again failing to meet its own targets for teacher recruitment.

For further information about this campaign, please go to www.schoolcuts.org.uk

COMMENT: “Standards - not Structures” (again)?

With a General Election on the horizon, all parties are starting to put forward more detailed ideas about educational reforms. Whatever their individual merits, these ideas all have one thing in common: they are envisaged as being put into practice within existing educational, an approach that was adopted by the last Labour government, using the slogan “standards – not structures.” Originally used by the Blair government to justify its backtracking on the promise to end 11+ selection, this slogan was subsequently used to defend the government's education policies overall (apart, of course, from its introduction of “academies”, where structural reform was deemed essential to raise standards...)

It is complete nonsense to suggest, as this slogan does, that educational outcomes are entirely governed by the interaction of teachers and individual pupils. Such an idea denies the reality that schools are complex social institutions in which other pupils have a significant effect on what any individual child is able to achieve. It also ignores the profound effect upon pupil motivation of parental expectations and of the resources available to pupils in their homes.

Above all, “standards not structures” ignores the overwhelming weight of educational research which shows that home circumstances are a far better predictor of educational outcomes than quality of schooling. Indeed, the consensus among education academics is that only 15%-20% of outcomes that are measurable (e.g. examination grades) can be attributed directly to quality of schooling.

It is to be hoped that Labour has learned from the successes and failures of the Blair government and does not simply try to repeat the past.